The China Weekly REVIEW

密勒氏評論報

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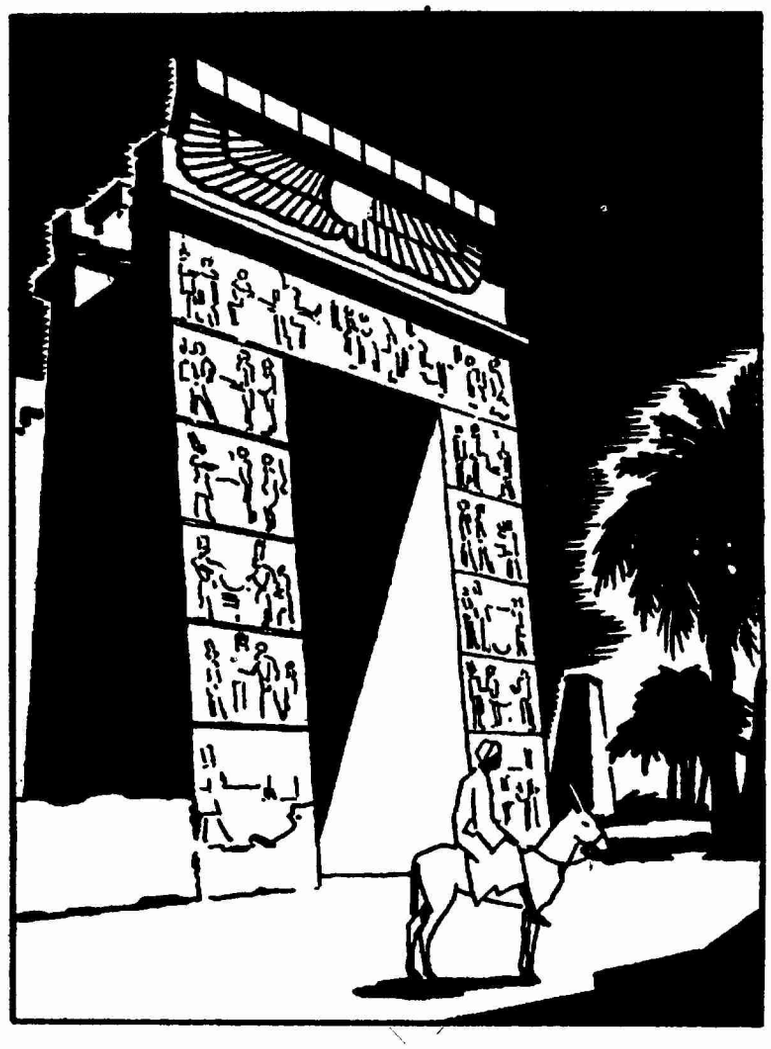

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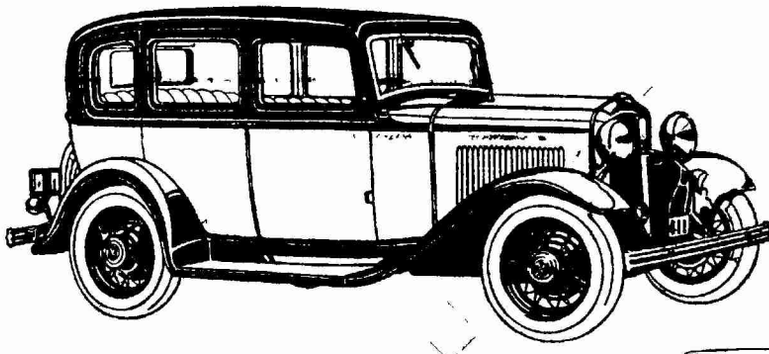

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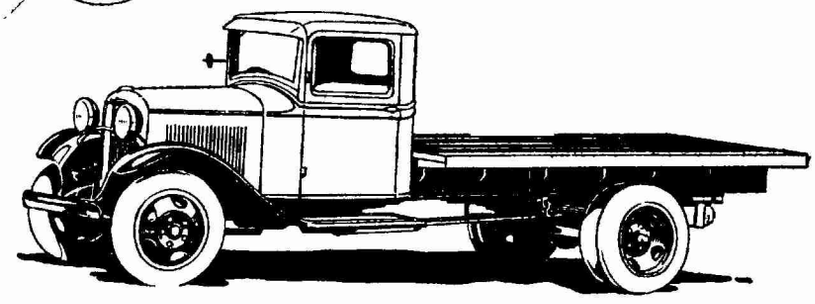

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The China Weekly REVIEW

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WASHINGTON OFFICE
J. J. Underwood—Correspondent
Colorado Building, Washington, D. C.

TALE OF A BRITISH SEA CAPTAIN AND HIS GREYHOUNDS

TWO years ago the officials of the Shanghai International Settlement, under pressure of the Chinese authorities of the Municipality of Greater Shanghai and the National Government, closed two British-owned and incorporated greyhound-racing tracks in the Settlement. It was hoped at the time that the authorities of the local French Concession would take similar action with regard to another dog-gambling institution known as the Canidrome which was located in the French Concession. However, the French refused to take action and as a result of the closure of the British tracks, the French have enjoyed a profitable gambling monopoly. Since the French dog-gambling institution was registered under French law, hence enjoyed French exterritorial protection, the Chinese were prevented from taking any action. But they did the best they could by passing a law prohibiting the import into China of greyhounds intended for racing and gambling purposes. This law had no immediate effect though because the French Canidrome obtained all the dogs which previously had been attached to the Stadium and Luna Park. But recently it did begin to have effect because the Canidrome dogs were becoming "worn-out" allegedly due to the common practice of "dopeing," and other chicanery common to the dog-racing industry. This point recently has been brought into prominence in the correspondence columns of the *North-China Daily News* by patrons who have complained at the practices employed by the officials of the Canidrome.

Now enters the British sea-captain and his greyhounds. A few days ago the British authorities arraigned in the local British police court, one Percy Y. Angus, British sea-captain, on a charge of smuggling greyhounds into China. It was brought out that Captain Angus was master of a small cargo-vessel known as the "Ballshead," which recently had arrived in Shanghai with a miscellaneous cargo from Australia and included in the cargo were some seventy greyhounds. The steamer did not enter the Shanghai harbor with its cargo of greyhounds, but proceeded up the Yangtsze to the small town of Liuho, which is some forty miles from Shanghai and connected by motor-road. Here the greyhounds were landed and allegedly after liberally bribing the Chinese police and military at Liuho, the dogs were

brought into Shanghai under cover of darkness, the land arrangements having been managed by a "prominent resident of the French Concession." As soon as the Chinese Customs authorities learned of the smuggling enterprise they seized the cargo steamer and according to notices published in the local newspapers, it was confiscated and is to be sold at public auction.

GRADUALLY LETTING THE JAPANESE CAT OUT OF THE BAG!

DR. TADAO YANAKAWA, member of the Imperial House of Peers and leader in the League of Nations Association of Japan, has stirred up a hornets' nest of criticism in military circles in Japan by declaring in the course of a speech that the bombing of the South Manchuria Railway tracks at Mukden on the night of September 18 last year was not done by Chinese troops, but by the Japanese. He also declared in the same speech that there is little cordination between the Army and Navy and that the Army is inclined to be reckless of consequences. According to a report in the *Japan Chronicle* the military authorities immediately called on Dr. Yanakawa and demanded a retraction or the production of proof and as a result of threats, Dr. Yanakawa fell back on the old subterfuge that he was misquoted in the news reports of his speech. This, however, is denied by the representatives of the two official news agencies, *Rengo* and *Nippon Dempo*, who insist that the speech was correctly reported.

This is the second damaging statement by Japanese regarding the military exploits of their countrymen in China, the other having been made in the course of a debate in the recent session of the Diet, when Kanichiro Kamei, a so-called proletarian member, charged that the Shanghai "war" of last January and February was precipitated by a "certain large Japanese company and steamship line," (presumably Mitsui and Co.) which had employed large numbers of ruffians in Japan and transported them to Shanghai with the object of intimidating the Chinese and breaking the boycott.

The statement of Dr. Yanakawa regarding responsibility for the Mukden bombing which precipitated the Japanese occupation of Mukden takes on added significance due to a report of similar character which was written by a well-known American correspondent for a leading American newspaper. Needless to say the correspondent also had serious complications with the Japanese military and during the remainder of his stay in Manchuria was closely shadowed by the horde of espionage officers attached to Gen. Honjo's staff.

However, it has remained for one of the experts attached to the League Commission to dig up more or less unmistakable proof that the tracks of the S. M. R. never were blown up by anybody, either Chinese or Japanese. The League expert, after obtaining an authorized statement of the incident from a member of Honjo's staff, certified to as to the exact hour and minute when the explosion allegedly occurred, then referred to the official S. M. R. time-table and found that a passenger train had passed this particular spot only a few minutes afterward and nothing and occurred. He then checked up on the time-table and found that the train had actually passed the spot. When this information was referred back to the staff officer, he hesitated for a minute and then explained that the passenger train had "hurdled" the break in the track, a section between eighteen inches and two feet in length, an obviously impossible feat for a train, particularly on a curve as was the case where the incident allegedly occurred. But in order not make any mistake the League expert then took his information to the Japanese superintendent of the work-shop at Mukden and when it was explained to him that the military claimed the passenger train had hurdled the break in the track, he shrugged his shoulders and exclaimed, "Impossible!" As a matter of fact no one in Mukden at the time took the military explanation of the alleged bombing seriously. All the evidence which the military had was a new rail which had been put in and several pieces of scrap iron which the military claimed were fragments of the old rail. These might easily have been obtained in any railway repair shop. However, the military did exhibit for several days the bodies of two or three Chinese soldiers whom the Japanese claimed they had killed in the vicinity after the bombing, the Japanese spokesmen calling attention to the fact that the dead Chinese soldiers had fallen with their heads pointing away from the scene of the incident, this being offered as evidence the Chinese soldiers had been running away when they were brought down by Japanese bullets—fired presumably at a distance of from 150 to 500 yards and in the dead of night—an excellent testimonial to Japanese military markesmanship!

WHERE ONE MANCHURIAN EXPERT WAS WRONG

DR. SHUHSI HSU, professor of political science and dean of the college of social science of Yenching University, Peiping, has called attention to a serious error of fact which appeared in one of the recent books dealing with the Manchurian situation which was written by Dr. C. Walter Young, long regarded as an authority on Manchuria and recently an expert attached to the League Commission. In a review of Dr. Young's book, "Japan's Jurisdiction and International Legal Position in Manchuria," (three volumes) Dr. Hsu called attention, and proved his point by a photographic reproduction of a section of the treaty, that the American expert on Manchuria made a serious error in charging that a vital discrepancy existed in the Chinese and French texts of the Sino-Russian treaty of September 8, 1896. There is interest in the subject because Dr. Young's book makes an important point of the fact that the French text of the treaty contained a clause which he claimed did not appear in the Chinese text. The clause pertained to Russian and Chinese taxation rights in the Chinese Eastern Railway "zone," and apparently was a matter of some significance, having an indirect bearing on the present situation in Manchuria. Dr. Young cited as his authority for the statement that a discrepancy existed in the Chinese and French texts of the treaty, a

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volume on railway loan agreements in China which had been compiled by Dr. C. C. Wang and published by the old Ministry of Communications at Peking. Dr. Hsu in his examination of the subject, apparently did not accept this authority and went back to the original treaty where he found that the clause in the French text of the treaty did appear in the Chinese text and to prove his point he published a photographic reproduction of this section of the Chinese text of the original treaty. It appears on Page 225, Vol. 2 of the July issue of the *Chinese Social and Political Science Review*, published in Peiping. Dr. Hsu also takes serious issue with Dr. Young on a number of other statements appearing in Dr. Young's books and makes the charge that in several instances Dr. Young's book leans toward the Japanese rather than the Chinese viewpoint on the strictly legal phases of Japan's position in Manchuria. The point is of special interest at the present because Dr. Young was employed as an expert by the Lytton Commission and supposedly had much to do in advising the Commission on the so-called legal or "treaty" phase of the Sino-Japanese controversy.

AMERICAN POLICY BACKED BY LONG PRECEDENT

DR. STANLEY K. HORNBECK, Chief of the Division of Far Eastern Affairs of the Department of State, recently enunciated the following "basis of thought upon which present American policy in the Far East is founded!"

"The policy of the United States with regard to this whole situation is nothing more nor less than a particular application of the general principles of American foreign policy.

"These general principles include: (*a*) in general, respect for the legal and moral rights of other states and peoples—with expectation of respect by them for the legal and moral rights of the United States; (*b*) in regard to commerce, equality of opportunity and treatment—on the basis of most-favored-nation practice; (*c*) in regard to political methods, abstention from alliances and from aggression; (*d*) in the field of diplomatic approach, persuasion rather than coercion; (*e*) in regard to action, cooperation with other powers wherever cooperation is found practicably possible.

"In formulating its attitude and course of action with regard to the current Manchuria and Shanghai situations, the American Government has kept before it certain broad considerations of law, of policy, and of interest which may be outlined as follows:

"The United States has no legal standing in the organization of the League of Nations, and although the American Government can cooperate with the League—as it has been doing for a number of years past—it can not involve this country in the legal machinery of the League as such.

"The United States holds no special mandate to apply, interpret, or enforce the obligations of the Kellogg-Briand Pact. The pact itself does not prescribe or authorize any procedure for its own observance or enforcement. It is an instrument of renunciation, not a constitution of mechanism for enforcing peace. It must rely, for efficacy, upon the sanction of public opinion.

"The general policy of the United States with regard to China is expressed in the provisions of the Nine-Power Treaty. The American Government emphasize that treaty, not only because of the desirability that agreements should be respected, but because the provisions of that treaty envisage and express the practical interest, not alone of China, but also of Japan, of the United States, and of the other nations which are signatories. That treaty expresses the historical policy toward China of the United States and the principles agreed upon since the beginning of this century by the other powers that have rights and interests in the Far East. It contributes toward maintenance of an equilibrium in the Far East, safeguarding the ultimate interests of all the signatory powers.

"It has seemed advisable to act in cooperation or concert with other powers concerned. The United States and Japan are both powers on the Pacific Ocean. The Washington Conference powers all have interests in China. These facts suggest a line of action based firmly on the principle of respect for and solicitude in regard to the fundamental rights and interests of all of the powers concerned in relation to the political and economic development of the Far East.

"The problem of maintaining peace is a common or world problem; it is the proper concern of the whole community of nations, not a right or an obligation peculiar to any one nation.

"With these broad principles in mind, the American Government has followed and is continuing to follow, in reference to the problems which have arisen out of these situations, a policy of cooperating with every nation and every international agency which chooses to act in support of peace and of the agreements and machinery which have been creatd for its maintenance."

"FAR EASTERN LEADERS OR MERE BULLIES"

LAST week *The Review* used the above heading over an account of the recent incident at the corner of Nanking Road and The Bund involving an attack by some 80 Japanese marines on a lone Chinese boy, employe of the Tramway Company, who had "sassed" the Japanese marines because of their action in violating a traffic signal and nearly running him down with their military trucks.

Now we have another incident which makes the same heading appropriate, hence we use it again. On September 9 the French police noticed a number of men dressed in Chinese costume forcing their way into a house at No. 13 Shihming Terrace, Avenue Joffre, in the French Concession. Thinking the men were robbers, the policeman on duty sent for reinforcements and the gang was rounded up, or at least three of them, were taken to the French police station. Here the French police authorities were astonished to discover that the men wearing Chinese clothes were not Chinese, but were Japanese spies or espionage officers connected with the local Japanese consulate or military establishment. According to the report issued by the French police headquarters there were ten of these Japanese spies, all armed and wearing Chinese clothes, and they had broken into this particular house because it was occupied by a Korean shop-keeper. The Korean, however, had been warned and was not on the premises, hence the Japanese seized the Chinese woman servant and her brother and were on their way upstairs to arrest the Korean's wife, when the French police arrived. Most of the Japanese succeeded in escaping in a waiting motor car in which they apparently had planned to kidnap the Korean, but the French police managed to arrest three of them and take them to the police station. Shortly afterward an official of the Japanese Consulate-General arrived and after some discussion the French permitted the Japanese to go. The incident attracted considerable attention since it was somewhat similar to the Japanese action last spring in raiding the homes

of Korean residents in the French Concession without going through the formality of obtaining French permission. According to the report the local French authorities have lodged a strong protest with the Japanese Consul-General over the sending of their spies, armed and disguised as Chinese, into the French Concession. Sometime ago *The Review* reprinted a report from the Japanese newspapers that the Japanese Government had greatly increased the number of so-called Consular police or "spies" which are attached to the various Japanese consulates throughout China, hence the present incident apparently was an indication that some of these new espionage officers were trying to earn their pay!

A later report which appeared in *The China Press* on September 13 stated that M. J. Meyrier, French Consul-General had called on the Japanese Consul-General and formally charged the Japanese with violating the usual procedure in the issuance of warrants for persons residing in the French Concession. Mr. Meyrier informed the Japanese authorities that failure to observe the regulations might lead to serious complications in future.

WAS N.C.B. PHOTOGRAPHING ITS OWN PROPERTY?

MUCH has appeared in the newspapers in the Far East, and apparently also in America, about the action of the Japanese military authorities in "warning" the officials of the National City Bank of New York against the taking of photographs of important buildings in the various Japanese cities where the bank has branches. According to the report which was carried by the *United Press* on September 8 the Japanese military authorities suddenly became excited over the action of the managers of the N. C. B. in Osaka and Kobe in having pictures taken of government and municipal buildings, municipal piers and other institutions. The Japanese gendarmes made an investigation and unearthed the "startling" information that the pictures had been taken upon instructions of the head office in New York. This apparently was sufficient to throw the entire Japanese War Department from Gen. Araki down, and including the press into a paroxysm of fear for obviously the N. C. B. was obtaining these pictures for the use of the American Navy in some future bombing expedition—possibly somewhat along the lines followed by the Imperial Japanese Navy in the bombing of Chinese public buildings, hospitals and schools at Shanghai last spring.

The propaganda conducted by the Japanese military authorities against the American bank finally become so severe that the American Ambassador, Joseph Grew protested to the Tokyo Foreign Office against the military-inspired press attacks. Mr. Grew charged that the press attacks were injuring the bank's prestige and since the attacks had no foundation in fact, he demanded that they be stopped. What happened, of course, was that the head office of the N. C. B. in New York desired photographs of leading industrial and governmental institutions in the various towns where the bank has branches, the object being to "boost" their own business and the communities where the bank has branches.

However, American residents of Shanghai who have been in Japan on vacations this summer suggest another and more serious explanation of the action of the Japanese military authorities in attacking the leading American bank. According to their statements, the Japanese Government as well as private Japanese industries, particularly the electrical industry, are having difficulty in meeting interest and amortization payments on bonds which were sold to the American people through the National City Bank and its sister institution, the Chase Bank, and since both these American financial institutions have been pressing the Japanese for payment of their obligations, the Japanese have retaliated by starting one of their "spy" propaganda campaigns, hoping in this manner to embarass the American banks and possibly obtain better terms on their interest payments. The depreciation of the Japanese yen to less than half its normal value has made it next to impossible for the Japanese to meet their interest and amortization payments in the United States, said payments being in American gold dollars. One American businessman resident in Shanghai, who recently returned from his vacation spent in Japan, suggested facetiously that the National City Bank in having pictures taken of leading Japanese institutions in the various cities, probably was only photographing its own property!

It was reported on September 13 that the agitation against the National City Bank in Osaka had taken a more serious turn when members of one of the reactionary military organizations was trying to induce Japanese members of the staff to resign and Japanese depositors to withdraw their accounts. Also a further motive for Japanese military animosity against the N. C. B. was suggested to the effect that the Japanese people, becoming apprehensive over the stability of their own currency, were investing heavily in American gold. A report by the *United Press* from Tokyo on September 13 stated that the Tokyo Foreign Office, possibly due to its fear of the military authorities, had declined to intercede on behalf of the American bank.

China Will Pay September Interest Despite Japanese Seizure

T. V. Soong, Minister of Finance, September 12 denied the accuracy of a press report in connection with the Japanese seizure of Manchurian salt revenue. Mr. Soong said the Ministry of Foreign Affairs has sent to the American, British, and French Governments indentic Notes informing them that since the dispossession of the Chief Inspectorate of Salt Revenue in Manchuria by the Japanese authorities about April last, no funds whatsoever have been remitted from Manchuria for payment of foreign loans secured upon the salt revenue of China. It is estimated that Japanese seizures of loan funds amounted to about $1,746,100 as of August 31 last.

The Notes stated that it was clear that these seizures of loan funds materially prejudice the security of the loans being paid out of salt revenue, large payments on which are due in September, but Mr. Soong denied that default in the September payments has been under consideration. The Chief Inspectors of Salt Revenue, he said, have already been given instructions to pay during September the usual instalments of interest, amounting to £45,000 for the Anglo-French Loan and £115,000 for the Crisp Loan, and also an instalment of principal, £250,000, of the Anglo-French Loan. Mr. Soong, however, emphasized the hardship to China resulting from Japan's seizure of loan funds.

Can China Be "Bribed" on the Manchurian Issue?

IN a recent forecast of the League Commission's report on the Manchurian situation one of the Japanese official news agencies stated there were deep divergencies of view between Lord Lytton, British chairman of the Commission and General Claudel, French representative—that Lord Lytton had taken a legalistic and idealistic attitude while General Claudel had adopted a political and realistic view. The *Manchester Guardian* recently suggested the possibility of a Franco-Japanese understanding on the Manchurian situation while the *Japan Chronicle*, in comment on the reported differences between the British and French viewpoint suggested that the point of view of political realism credited to the French representative was rather an unsavory subject, as it means, briefly, "doing what is wrong but practical, rather than what is right but full of difficulties."

The suggestion is interesting because China is now faced with an exactly similar problem in view of Japan's action in according political recognition to Manchukuo. Will China accept the situation realistically; that Manchuria is permanently lost, hence China must make peace with Japan (and Manchukuo) and wait for a better day. Or, will China adopt the idealistic and more difficult viewpoint, that Manchukuo is still part of China; that Japan's action is illegal hence must be opposed by the united strength of the nation.

While Japan's recognition of Manchukuo has not changed the situation in respect to Manchuria it does materially change the situation from the standpoint of the relations of China and Japan. So long as Japan had not officially recognized the independence of Manchukuo there was still a possibility that some way might be found for re-establishing friendly relations between the two countries without material loss of face on either side. But now that Japan has taken an official stand and announced her intentions to the world, the possibility for compromise has passed except on Japan's terms which means an independent Manchuria with Japan as the military guardian.

Count Uchida, Foreign Minister, recently declared that Japan intended to see the enterprise through "even if utter ruin should be the consequence." One wonders whether there are leaders in China who are ready and willing to take a similar stand for the recovery of the northeastern provinces, meaning that China intends to see the enterprise through "even if utter ruin should be the consequence," to quote the words of Count Uchida. The situation reminds one of an incident that arose in the course of the war for independence on the part of the American colonies against Great Britain. It was during the darkest days of the war when credit was low, the army dispirited and the outlook uncertain. The French had not yet made up their minds to help the rebel colonists, but the British, apparently sensing French intentions, suddenly offered a liberal compromise but of course with the condition that the colonies should remain within the empire. After giving the matter of compromise serious consideration, the Colonial leaders finally decided to fight it out "even if utter ruin should be the consequence." And they did fight it out and ultimately with French help they achieved complete independence and laid the foundation for a new and independent nation. One wonders whether there are many Chinese leaders who have similar qualities in their make-up?

We make the inquiry because there recently have been rumors that certain politicians are beginning to favor a so-called "realistic" view—that China should accept the situation and make the best of it. Japan recently sent a new minister to China in the person of Akira Ariyoshi, and it is no secret that he came to China armed with definite instructions to make a deal with China that would re-establish friendly relations between the two countries, but which would not in any way interfere with Japan's control of Manchuria. To put it in simple language of the street, Mr. Ariyoshi has been sent to China with instructions to "hang on to Manchuria and make the Chinese like it!" This means that Japan must do something to cause the Chinese to cease their anti-Japanese activities, while at the same time maintaining her position in Manchuria. What Japan might do in this connection is purely speculative, but for the sake of argument, Japan might offer to relinquish exterritoriality and her port concessions. She might offer to cancel the Nishihara loans and relinquish the Boxer indemnity. She might offer liberal financial inducements to some Chinese military or political faction in the hope that that faction might defeat its rivals and establish a new central government that would be amenable to Japan's wishes. Or Japan might renew her political intrigue in China with the object of throwing the country into chaos and thus making continued resistance to Japan impossible or at least inocuous.

There was considerable significance in a brief *Rengo* message from Changchun this week which quoted Hsieh Chieh-shih, Manchukuo foreign minister as declaring, "Japan's recognition of Manchukuo will frustrate Gen. Chang Hsueh-liang's ambitions and will prove a warning to China. We earnestly hope that China will be unified, but should she continue internal strife none can forecast the second and third independence movements which may arise in China proper." Hsieh Chieh-shih was born in Formosa, hence while of Chinese blood is a Japanese subject, but there was significance in his statement because the independence of Manchuria as a separate state under Japanese military protection means the real beginning of the long-discussed "break-up" of China. If the Manchukuo regime is permitted to stand, other similar movements are inevitable. Perhaps the next will be in the south where the French have designs on Yunnan and Kwangsi. Also there is significance in the present struggle between Tibet and Kokonor, with Tibet allegedly receiving support from British India. And finally there are Chinese Turkestan and western Kansu which are likely to follow the example of Outer Mongolia and ally themselves with the Soviet Union.

The problem is a serious one and is deeply involved in the question now facing China's leaders—whether they intend to adopt an idealistic or a realistic view on the Manchurian problem!

Japanese Recognize Manchukuo---Chinese Volunteers Exceptionally Active

BY the time this issue of *The Review* is in the hands of its readers the formal recognition of Manchukuo by the Japanese Government will be an accomplished fact. The Preliminary Committee of the Privy Council considered the question of recognition on Sunday morning, September 11, and unanimously approved of this course. A full meeting of the Council took place September 13 in the presence of the Emperor. At the meeting of the Privy Council on September 11, the Privy Councillors questioned the effect of such recognition by Japan. Count Yasuya Uchida, the Minister for Foreign Affairs, said that it might create a sensation but would not create any important result. The Foreign Minister summed up foreign opinion as follows:

Great Britain: The Labor Party is strongly opposed, but the Conservatives generally entertain good will toward Japan.

Germany: In the present political situation there are divergent views toward Japanese recognition of Manchukuo.

United States: Hearst newspapers support Japanese recognition, but all others are opposed.

Soviet Russia: The Soviet Government tends to show good will towards Japan's attitude, but the activity of the Third International on the Manchurian-Soviet border should be watched.

The formal announcement of Japan's recognition of Manchukuo was set for September 14.

Pao Kuan-cheng, first Manchukuo envoy to Japan, issued a statement at Harbin September 12 on the general Far East situation. It is useless, according to Mr. Pao, for anyone to say that the people of Manchukuo should relinquish their ideas of national self-determination in order to clear the clouds of suspicion among foreign Powers. Mr. Pao will leave about September 20 for Japan, after assuming the post of envoy formally on September 17 at Changchun.

The signing of the Japan-Manchukuo Treaty, according recognition to the Manchukuo regime by Japan, was scheduled to be signed at Changchun on September 15 between General Muto, Japan's special envoy to Manchukuo, and Hsieh Chieh-shih, Foreign Minister of the Manchukuo Government. The treaty is being published simultaneously in Tokyo and Changchun. Following recognition of Manchukuo, the Japanese Government will issue a statement elucidating its stand at home and abroad, and at the same time will make a formal notification to the League of Nations. In the statement, the Japanese Government is expected to lay stress on the following points:

1. The independence of Manchukuo and recognition of the new regime will make a great contribution to the maintenance of peace in the East and consequently that in the world.
2. In view of the historical and topographical relations between them, it is absolutely necessary for Japan and Manchukuo to take concerted action, politically and economically as well as in the matter of national defence.
3. Japan earnestly hopes that the interested Powers will follow this country in recognising Manchukuo and extending assistance in the development of the new state.
4. It is the ardent desire of Japan that the Chinese Government will be so magnanimous as to have regard for the wishes of the inhabitants in Manchukuo, preserve a fair and friendly attitude, and awake to the significance of co-operation between China, Japan and Manchukuo.

In the meantime the contents of the League Enquiry Commission's report on the Manchurian issue are being kept closely guarded, and although various conjectures have been made as to the probable trend of the Commission's Report, none of them can be considered more than guesses. However, confirmation comes from Tokyo that the Japanese Government lately took the extraordinary course of asking the League of Nations to refrain from discussing the Lytton Commission's report till Japan had submitted her observations on same, which it was intimated, would require about six weeks' time.

According to a Tokyo telegram a hint from Peiping gives the following alleged inkling of the Lytton Commission's Report:

1. Gives both the Chinese and Japanese contentions, but makes no judgment thereon.
2. Says that individual Japanese helped to establish Manchukuo, but that the Japanese Government did not assist, though it subsquently extended its support on seeing that the new state was friendly.
3. Declares that the Japanese military authorities exceeded the necessities of self-defence, though the officers and men acted in the belief that their conduct was within the limits of self-defence.
4. Does not mention the word "aggression," and
5. Asserts that the Chinese Volunteers are supported by Marshal Chang Hsueh-liang.

The report is understood in Tokyo to contain chapters on the following subjects:

The disturbed conditions in China.
Japan's rights and interests in Manchuria.
Japan's need to utilize the resources of Manchuria.
A history of the military operations since September 18, 1931.
Economic conditions, and
The anti-Japanese boycott.

Advices from Nanking state that China is preparing identic notes to the signatory Powers of the Nine Powers Treaty, claiming that Japan's recognition of Manchukuo is a violation of that Treaty. It was planned to have China's move in this respect made immediately after Japan's formal announcement of the recognition. Enforcement of an international economic blockade against Japan by the League of Nations in keeping with Article 16 paragraph 3 of the League Covenant will also be asked by the Chinese Government in consequence of Japan's recognition of Manchukuo, according to Lin Sen, venerable chairman of the National Government, in an interview given Chinese press representatives in Shanghai during the week.

A pitiful figure not to be lost sight of during all these stirring events regarding Manchukuo is that of the so-called president, (the Japanese telegrams say "regent") Henry Pu Yi. The official announcement of the recognition of Manchukuo has, according to the Japanese telegrams, had his official sanction. But Henry himself according to Peiping Chinese papers, recently expressed himself to a relative that it was a mistake to call him a "puppet" of the Japanese. Instead, he

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confessed, the Japanese did not consider him of sufficient importance to make use of as a puppet. All he was being used for was to attach the official seal when the Japanese had prepared the papers; a mere seal keeper, as he expressed it.

Meanwhile, unmindful of the diplomatic moves which are being made, the Chinese Volunteers (or "bandits" as the Japanese invariably term them) have very decidedly increased their activities, living well up to their previously announced intention of proving by their own operations that Japan's claim to have brought peace and order to Manchuria has no foundation in fact. These attacks during the past week have surpassed in intensity and seriousness any of the numerous raids that had been made in the past half year or so. The Volunteers made their attacks at many widely separated points, among their objectives being Mukden, Harbin, the South Manchuria railway, the Chinese Eastern Railway (mostly now in Japanese control) and the Fushun colliery. The gravity of the situation was reflected in the Japanese telegrams, which confirmed previous Chinese reports of the havoc which was being wrought by the anti-Manchukuo forces.

Repeated cutting of the railway lines under Japanese management, with incidental wrecks and frequently with loss of life to crews and passengers has necessitated the bringing of still more Japanese troops to Manchuria. Indeed there are indications that the Japanese troops, who undoubtedly would make a wonderful showing if they had a chance to engage in a straight-out battle, are becoming somewhat disheartened and demoralized by the guerrilla warfare. The situation is not without resemblance to that which existed in the territory which is now the United States—previous to the Revolution, when the Indians played havoc with the British forces. Reports of Volunteer activities came in during the week from many directions. More than 3,000 Volunteers under General Shen Pao-lin were engaging the Japanese forces to the east and south of Mukden, September 11 and succeeding days. Messages received from Mukden stated that the artillery fire of the Japanese was clearly audible there. At the same time the cities of Kirin and Changchun were being besieged by the National Salvation Army under General Wang Te-lin. The Chinese accounts claimed that the Volunteers had already occupied Shangchenpao, on the Chinese Eastern Railway, 30 miles south of Harbin, and Ancheng, 23 miles east of Harbin. A critical situation exists in Kirin city, where martial law has been proclaimed by the Manchukuo garrison commander owing to the fact that the troops under General Wang Teh-lin, who is co-operating with the Volunteers, are rapidly approaching the city. A telegram received from General Ma Chan-shan, the redoubtable hero of the Nonni River battle against the Japanese last year, also reported further victories over Japanese and Manchukuo troops. General Ma claims that his troops, acting in co-operation with Heilungkiang volunteers, have occupied Chingchen and are now advancing on Suihua, northwest of Harbin. Chinese Volunteers launched a heavy attack on the Japanese and puppet Manchukuo units at Fushun September 8. Five Japanese officers were captured. A part of the so-called peace preservation corps under Chu Kwang-hsi has gone over to the Volunteers. Together they are preparing for another attack on Mukden. According to the Russian press at Harbin 1,000 "bandits" surprised the "Manchukuo" garrison at Yaomin, 50 miles north of Changchun on the Chinese Eastern Railway September 10. They drove out the garrison and for two hours the looting and fighting went on. The garrison answered the attack and eventually repulsed the marauders, but with heavy losses. Roperts of similar attacks are coming in from various other points.

The most serious attack made by Chinese Volunteers (or "bandits") on railway communications in Manchuria was reported from Changchun September 11. Early that morning the ordinary Changchun to Harbin train on the C. E. R. (now controlled by the Japanese) was derailed through several rails having been removed. After the de-railing the bandits fell upon the train and robbed the survivors, kidnapping some of them, including five Japanese, presumably for ransom. Twelve passengers were killed outright and among the scores severely injured several more deaths are feared. Thus was Harbin once more cut off from communication with the outside world.

Two similar attacks on the C. E. R. line between Mukden and Harbin were made in close succession to the above, derailing the trains in each instance, and killing some of the passengers, including several Japanese soldiers. As a result of these attacks the night service on the railway line between Mukden and Harbin has been suspended, for the present at least.

Arriving at Hsinglungtien, an express train on the so-called Mukden-Shanhaiwan Railway was attacked by 300 Volunteers September 8. The locomotive was hit by eight cannon shots; an engineer and one fireman were killed and the train was overturned. Nine passengers were injured. Japanese reinforcements were sent from Hsinmin.

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A series of kidnappings recently carried out in various parts of Manchuria are evidently part of a systematic attempt which is being made by the Chinese to discredit the new Japanese-Manchukuo regime. The kidnapping of two British subjects at Newchwang last week has had its repercussions in England where the Liberal London *News Chronicle* commented that "if foreigners are unsafe at Yingkow they can scarcely be considered safe anywhere in Manchuria....The capture of these Britons illustrates the complete incapacity of Japan's Puppet State to fulfill the object for which it was created—namely to preserve order." The two victims are C. H. Corkran of the Asiatic Petroleum Company, and Mrs. K. F. B. Pawley, a recent bride and a daughter of Dr. Phillips of Newchwang. The British Consul at Newchwang has intimated to the Japanese military authorities that it is "up to them" to secure the release of these British victims. Up to date no sign of their release was in sight. Evidently as a result of the kidnappings the British gunboat *Sandwitch* has been dispatched to Newchwang.

At Harbin September 10, bandits tried to kidnap two other British subjects, R. P. Melhuish and W. N. Hansell of the Hongkong and Shang-

hai Bank, who were playing golf on the outskirts of the town. The attacked bankers were able to beat off the bandits with their golf clubs. One of the bandits while fleeing shot Mr. Hansell in an arm.

Jehol is quiet, according to General Meng Chao-tien, personal representative at Peiping of General Tang Yu-lin, chairman of the Jehol Provincial Government. According to a recent message the defenses at Nanling, on the Chinchow-Chaoyang branch railway, have been strengthened and the Jehol Railway garrison units are keeping guard over the area from Nanling up to Peipiao.

Handbills circulated among the merchants and people of Mukden by the Volunteers announce that they are concentrating 100,000 men for a concerted move on the city, this action being taken to demonstrate public opinion in the Northeast and the popular hatred against the Japanese.

NEWS FROM MANCHURIA AS THE JAPANESE SEE IT

(Telegrams issued by Rengo News Agency)

Tokyo, September 7.—Elaborate arrangements are under way throughout the country to commemorate the anniversary of the Manchurian Incident September 18. The program of various enterprises on the occasion in Tokyo includes a memorial service for those soldiers killed in Manchuria, lecture meetings, cinema shows and relayed radio broadcasts from Manchukuo.

Mukden, September 11.—The Iwata detachment of the Japanese army encountered several hundred bandits at a point south of Taonan at about 9.30 o'clock this morning, when severe fighting ensued. The bandits were eventually driven off leaving 76 dead bodies on the field. The Japanese suffered one killed and one wounded.

Kirin, September 11.—In view of the renewed activities of the anti-Manchukuo forces under command of General Feng Chan-hai, the local garrison headquarters today proclaimed martial law in the walled city of Kirin, prohibiting all movement from 7 p.m. to 10 a.m.

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A circular order issued by the Executive Yuan at Nanking September 8 instructed that Sunday, September 18, being a day of national humiliation, memorial services should be held throughout the country. All amusements are to be suspended for the day while other activities are to be halted for five minutes as a silent tribute to the heroes in Manchuria and Shanghai who have fallen in defense of the country against Japanese invasion.

Great nervousness was displayed by the Chinese and Japanese generally throughout the week. Extra units of the Japanese Third Fleet were dispatched to Nanking and two machine gun units were dispatched to the Osaka Shosen Kaisha wharf at Hsiakwan, the river suburb of Nanking. The Chinese authorities at the Capital are doing their utmost to induce the Japanese to remove their machine guns in view of the exciting effect it is having on the Chinese populace. At Shanghai the number of Japanese bluejackets and consular police in plain clothes patrolling the Hongkew (Japanese) district was considerably increased.

One of the almost pathetic incidentals to Chino-Japanese relations is the persistency with which Japanese officials ask Chinese officials to forget past events, to recognize that Manchukuo is now an established fact, and to adopt a friendly attitude towards the Japanese. Thus we find when General Chiang Tso-ping, the Chinese Minister to Japan, called on the Minister of War, General Araki, at Tokyo September 10 to exchange opinions concerning an improvement in the relations between China and Japan, General Araki pointed out that the relations existing between the two countries at the present time could be traced to China's policy towards Japan. "The only way to rectify the situation," he said, "is for China to forget past incidents such as the Manchurian and Shanghai troubles, adopt a friendlier policy and endeavor to promote Oriental peace and Sino-Japanese friendship." General Chiang is reported to have suggested the possibility of a compromise in regard to Japan's projected recognition of Manchukuo, whereupon General Araki definitely declared that Japanese recognition of Manchukuo "belonged to things past" and emphasized the desirability of maintaining peace in the Orient by friendly co-operation between Japan, Manchukuo and China. Adopting the same "line," when interviewed at the Japanese Consulate at Nanking September 7, the new Japanese Minister, Mr. Ariyoshi, declared that he was confident that the present unfortunate relations between China and Japan would soon show a happy improvement. The present situation, he asserted, was the result of "many years of aggravation and the unstable political and economic conditions existing in all parts of the world." It would probably take decades, he continued, but friendly relations between the two countries must be re-established. He frankly expressed doubt as to whether the question could be settled in the immediate future, but denied that he had received instructions to begin direct negotiations with the Chinese Government. Asked whether he thought the Manchurian issue should be settled between China and Japan or by the League of Nations, Mr. Ariyoshi declared that as the question concerned the two countries themselves it appeared only reasonable to consider a direct settlement not only possible, but logical.

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Commenting upon the recognition of Manchukuo by Japan, *Chen Pao*, a prominent Chinese daily newspaper in Shanghai, declared that this action will have the effect of destroying, firstly, the territorial integrity of China and consequently the Nine-Power Treaty which guarantees such integrity; secondly, the Open Door, the principle of equality of opportunity and the equilibrium of power in the Far East; and thirdly, the Kellogg-Briand Pact, whereby the signatories pledge themselves to renounce war as an instrument of national policy. Peaceful intercourse between civilized nations, the journal points out, can be maintained only through strict observance of international law—which is in conflict with Japan's selfish ambitions. Japan has renounced her claim to the status of a modern civilized state. Moreover, the journal continues, it was on Japan's motion that the League Council appointed the Lytton Commission. Japan is therefore under a legal as well as moral obligation to await and abide by the verdict of that Commission. Just now when the Commission is about to submit its report to Geneva, Japan has suddenly announced her decision to accord formal recognition to the principal object of the Commission's inquiry, namely, Manchuria. Her object is obviously to present the League and the world with a *fait*

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accompli irrespective of the contents of the report. Such breach of faith and impudent flouting of the League of Nations is utterly astounding. Concluding, the *Chen Pao* calls upon the nation and the whole world to resort to concrete force for the vindication of right and justice and to curb Japanese militarism.

Chao Mei-pa, Chinese Artist, Wins Honor at Brussels

Chao Mei-pa, better known in China as Edward M. P. Chao, a former tenor of Shanghai and music instructor of the Shanghai College, and now student at the Conservatoire Royal de la Musique, Brussels, Belgium, has successfully passed the preliminary technical competition at the Annual Competition held last July at Brussels and was awarded the second prize with honor. Mr. Chao is one of the 27 successful candidates out of a total of 47 who participated in the contest. Following the competition, he appeared at a public concert and before a jury of several eminent Belgian singers and artists, he sang with great charm and style the air of "Josue" of Haendel, the Cavatine of "Roussalka," and won great applause especially in two Chinese songs harmonized by himself (now edited by Lauweryns Edition, Bruxelles).

Chao Mei-pa

Mr. Chao is highly esteemed in Belgian music circles. Besides singing in different concerts, he also took solo part in the leading oratoric concert "Concerts Spirituels" in Brussels, with 300 Belgian professional musicians. Not only a singer, but also a man of culture, Mr. Chao recently delivered a very instructive lecture on Chinese music at the Cercle Royal Artistique at Litteraire, Gand, which was published by the Comite' Interuniversitaire Sino Belge, Bruxelles, entitled "La Cloche Jaune." Commenting on the piece, M. E. Closson, the most distinguished musicoloque of Belgium has written a long article in L'Independance Belge, in which he complimented "Besides the muscial talent, Mr. Chao Mei-pa has a very keen intelligence and astonishing facility of assimilation." Similar or more warm tributes were also paid him as a singer and musician by many papers in Brussels.

Mr. Chao is a native of Ningpo, Chekiang province and is twenty seven years old. He formerly studied at the English Methodist College, Ningpo and later came to Shanghai where he joined the Shanghai College (now known as University of Shanghai), and was graduated with B. A. degree. Following graduation, he served as assistant of Music at the same institution and later for several years, taught music in many other schools in Shanghai, including the Chaotung University, and in other cities in China. While in Shanghai, he studied vocal music first with Herbet Cave, an English operatic singer and then followed P. Selivanoff, a former Russian Imperial artist, for three years. He also participated in many public concerts in Shanghai. In 1929, he was awarded a government scholarship and sent to Belgium for research in Western Music. In Oct. 1929, he was admitted as a regular student in the professional singing class in the Royal Conservatory of music in Brussels. Mr. Chao's talents as a singer and muscian have won high recognition of his teachers and he is specially patronized by Prof. Maurice Weynandt, an eminent artist in Belgium and a teacher in the Royal Conservatory of Music.

General Chiang Optimistic on Bandit-Suppression

That the first stage of the bandit-suppression campaign in Hupeh is nearing successful completion was announced by General Chiang Kai-shek, President of the Military Affairs Commission, in the course of a report made at the weekly memorial service in Hankow, September 2. General Chiang said that the Government forces scored a number of decisive victories during the past week. Macheng, a bandit stronghold on the Anhwei-Hupeh border has been recaptured, while Hsinchi, on the Honan-Hupeh border, which is the seat of the "Soviets" for the provinces of Honan, Hupeh and Anhwei, has also been taken by the Government forces. The region around the Hung Hu (Lake) is being cleared of all traces of the remnant bandits and the main forces under the notorious Red bandit-leaders, Kung Ho-chung and Ho Lung, in eastern Hupeh have been shattered to pieces. It is therefore confidently expected that the whole province will be rid of the Red bandit pest within ten days, General Chiang declared.

General Chiang emphasized that only three months had elapsed since he came to Hankow to assume personal direction of the campaign. He attributed the spectacular successes of the Government forces within this brief space of time to the unremitting efforts and devotion of the entire bandit-suppression forces.

Continuing, he said that with the military phase of the campaign nearing consummation, redoubled efforts should be made for the political and economic rehabilitation of the bandit-ravaged regions. Such rehabilitation should aim primarily at the restoration of peace and security and development of rural economy.

The Left Wing Bandit-suppression forces under Gen. Hsu Yuan-chuan, after capturing Chuho September 9, have occupied Taishih and Yufengkou, the two remaining strategic points on the northern bank of the Hung Hu (lake). Several thousand of the brigands surrendered with their arms.

According to a military despatch received at Nanchang recently I-huang and its environs in central Kiangsi, are completely cleared of outlaws as a result of the efforts of the 11th Division under General Lo Tso-ying,

At the battle of Shuinan last week, the 1st and 3rd "Red" armies under the notorious Peng Te-huai were almost exterminated. The remnant brigands fled to the Tungshiu-Lokiang region near Ningtu, another "Red" stronghold in southern Kiangsi.

In connection with the bandit-suppression campaign in Anhwei, a Nanking telegram states that following their capture of Tushanchen, the Right Wing Bandit-suppression forces under Acting Commander, Wang Chun are approaching Chin shanchai, the only remaining stronghold of the "Reds" in western Anhwei. All remnant brigands in western Anhwei are reported to have concentrated there for a last stand.

General Chiang Kai-shek has entrusted General Hsu Yuan-chuan, Deputy Commander of the Left Wing Bandit-suppression forces, with full power to attend to rehabilitation measures in the various newly captured districts of central Hupeh. All members of the Party and Political Affairs Committee as well as the district magistrates will come under the direction of General Hsu.

Hsinchi, the "Red" base in southern Honan where the "Red" military headquarters has been located, was captured by the 14th Army under General Wei Li-huang on September 9, according to a military dispatch.

Fukien Residents' Petition for Dismissal of Alleged Ruthless Official

That Ho Hsien-tsu, Director of the Rehabilitation Bureau for Putien and Sienyu, eastern Fukien, be dismissed and punished and that the 19th Route Army be ordered to take over the garrisoning of the two districts immediately is the gist of a petition recently presented to the Executive Yuan by a delegation of Fukien residents in Nanking and Shanghai.

It is claimed that Ho Hsien-tsu and his men recently massacred hundreds of inhabitants of the village of Tungsha, in Putien, in an attempt to extort money from the people by the collection of exorbitant levies. The first outrage was committed on September 1 and a second was perpetrated about a week later Altogether, thousands of houses were razed to the ground, having been set on fire by Ho's underlings, while hundreds of farmers lost their lives in the fire or were drowned when attempting to escape across the creeks and rivers.

國聯調查團報告書草成之後，一份携日內瓦，一份密封存北平。內容如何，外人鮮有知者。吾人則極盼望其不至成爲「壞蛋」也。

This cartoon from the *Sin-Min-Pao* in Nanking refers to the speculation about the League report on the Manchurian situation. The Chinese text states that the League report has been completed and sent to Geneva and the contents are being kept secret. The hand represents the Commission and the egg the report. "We hope the report will not be a spoiled egg," says the statement.

Kwangtung Finances in Strained Condition

That Kwangtung province is also floundering in a financial muddle was revealed by Chu Fang-pu, Provincial Commissioner of Finance for Kwangtung, at the weekly memorial service held in Canton Sept. 7. Despite the drastic cut in military and administrative appropriations since July and the collection in advance of taxes amounting to nearly $6 millions, Mr. Chu stated, the Provincial Treasury is still short of about $8 millions for military and about $3 millions for administrative expenditures. There, together with other obligations, bring the provincial indebtedness up to well over $30 millions, he said. Under such conditions, there is little hope for the readjustment of the public bonds floated by the Provincial Authorities. The bandit-suppression campaign being now in progress, the Treasury is facing increased demands for funds. Payment of obligations in arrears must therefore be postponed until the conclusion of the military campaign, he said.

Tea for Hunan Exempted From Production and Consumption Tax

Tea destined for export from Hunan province is to be exempted from the production and consumption tax, according to an order of the Hunan Provincial Government to the Provincial Department of Finance. The decision was made in response to a petition of the Tea Exporter's Guild of Hankow for measures to improve the tea industry and relieve the present depressed conditions.

The Provincial Authorities have also instructed all District (hsien) Government as well as the Tea Experimental Station at Changsha to assist the tea producers and merchants in the introduction of scientific methods of cultivation and other impovements so that the Chinese product may compete favorably with that of foreign countries.

Wang Ching-wei in Shanghai---Prominent Officials Visit Him

A recent Nanking telegram stated that Wang Ching-wei, who is unable to return to Nanking for the time being owing to a relapse in his chronic case of diabetes, telegraphed to the Secretariat of the Central Political Council beginning of the week suggesting that another member be elected to act for him as Chairman of the Central Political Council. In his telegram Mr. Wang pointed out that the election of a proxy to preside at meetings of the Council is not without precedent as the same expedient was resorted to last year when General Chiang Kai-shek, being then absent from Nanking, asked another member to act as Chairman.

Lin Sen, Chairman of the National Government arrived in Shanghai from Kuling via Nanking by the C.M.S.N. s.s. *Kiang Hua* September 10. He was met at the wharf by General Wu Teh-chen, Mayor of Greater Shanghai, and other important local officials. Interviewed by press representatives Mr. Lin declared that he had come to Shanghai to consult Dr. Lo Chung-an, for a stomach disorder. He visited Wang Ching-wei, who is also undergoing medical treatment. Mr. Lin ridiculed the report that Mr. Wang had declined to return to Nanking on political grounds.

Pursuant to instructions from the C.E.C., Messrs. Tang Yu-jen and Tsung Chung-ming, respectively Chief Secretary of the Central Political Council and Vice-Minister of Railways, came to Shanghai beginning of the week to urge Wang Ching-wei to return immediately to Nanking to resume his duties. Among the important government officials who arrived in Shanghai at the same time was Chang Chi, former vice-president of the Legislative Yuan and member of the Central Supervisory Committee. He was visited here by Tang Yu-jen, chief secretary to the Central Political Council. Afterwards the two went to visit Wang Ching-wei.

The Nanking evening papers September 8 feature a report that Wang Ching-wei has declined to receive his August salary as President of the Executive Yuan, from which position he recently resigned.

It is reported that the Minister of Finance, T. V. Soong, is mediating in the dispute between Wang Ching-wei and Marshal Chang Hsueh liang.

Chinese Students on Anti-Japanese Rampage at Hongkong

A mob of several hundreds of Chinese students at Hongkong attacked the Chinese stores selling Japanese goods in the Mongkok district of Hongkong on the evening of September 7. The students demanded that the shops should destroy the Japanese goods in stock. The students subsequently destroyed some of the Japanese goods displayed in the show windows. The riots caused immense excitement until the mob was dispersed by the Police.

Boycotters Stop Movement of Japanese Cargoes at Kiukiang

Mr. Nishida, Japanese Consul at Kiukiang, made strong representations to the Chinese authorities there September 9, demanding a strict control over the anti-Japanese movement which is at its height in Kiukiang at present. Recently, as the result of the agitation of the Chinese patriotic societies, the movement of Japanese cargoes has been practically stopped in Kiukiang. The Japanese allege that the Chamber of Commerce at Kiukiong is supporting the activities behind such societies.

Canton Electric Works Shareholders Oppose Municipal Ownership

Efforts are being exerted by shareholders of the Canton Electric Works to prevent the Municipal Authorities from taking over the plant and converting it into a government enterprise. Basing its case on a stipulation of the law dealing with private ownership of public utilities promulgated by the National Government in 1929, the Canton Electric Company, in a petition to the District Chamber of Commerce, declares that the Works has been in operation for only 24 years whereas the law provides that such enterprises may not be taken over by the Government until after 30 years. The action of the Municipal Authorities in demanding control of the Works, therefore, is *ultra vires*, the shareholders contend. The Chamber is requested to appeal to the Provincial and Municipal Authorities to refrain frnm seizing the Works to the detriment of the rights of the shareholders.

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Japan's Trade With China

The following figures show Japan's trade with China during the six months ended June 30, 1931 and 1932.

	Exports from Japan		*Imports into Japan*		*Total Imports & Exports*	
	Jan.-June 1932 *Yen*	*Jan.-June* 1931 *Yen*	*Jan.-June* 1932 *Yen*	*Jan.-June* 1931 *Yen*	*Jan.-June* 1932 *Yen*	*Jan.-June* 1931 *Yen*
Manchuria	6,590,000	6,176,000	22,798,000	24,200,000	29,388,000	30,376,000
Northern Ports	36,584,000	26,789,000	17,406,000	27,424,000	53,990,000	54,213,000
Central Ports	20,703,000	52,063,000	10,624,000	29,387,000	31,327,000	81,450,000
Southern Ports	94,000	2,541,000	2,361,000	4,701,000	2,455,000	7,242,000
Kwangtung Province	49,505,000	32,790,000	57,125,000	57,215,000	106,630,000	90,005,000
Hongkong	6,819,000	20,319,000	309,000	227,000	7,128,000	20,546,000
Total	120,295,000	140,678,000	110,623,000	143,154,000	230,918,000	283,832,000

By Months	*Exports.* 1932	*Exports.* 1931	*Imports.* 1932	*Imports.* 1931
January	11,520,000	22,354,000	21,839,000	20,413,000
February	14,144,000	20,392,000	20,404,000	21,622,000
March	23,760,000	25,844,000	20,414,000	27,220,000
April	24,568,000	23,979,000	17,973,000	25,400,000
May	24,118,000	23,823,000	17,518,000	28,141,000
June	22,185,000	24,286,000	12,475,000	20,358,000
	120,295,000	140,678,000	110,623,000	143,154,000

Japan's Total foreign trade for the five months ended May 31, 1931 and 1932 was as follows:

	1932 *Yen*	1931 *Yen*
Imports	704,885,000	585,449,000
Exports	447,978,000	447,071,000
Total	1,152,863,000	1,032,520,000

Japan's Financial Complications

(*China Critic, Sept. 1*)

In a *Rengo* report of August 28 from Tokyo, the fact that the Japanese Government had between April and July this year appropriated more than 58 million yen on its Manchuria adventure was revealed. Of this amount the War Department took up 33,373,287 yen, the Navy Department 22,942,960 yen and the Foreign Office 1,806,727 yen making up a total of 58,122,974 yen. To meet this extra expenditure, as the same report mentioned, the Japanese Finance Ministry had floated a loan of 90 million yen in May. As we had predicted some months ago in a special article on Japan's financial position, the Manchurian campaign would cost Japan one to two hundred million yen, and so far the first mark has already been exceeded. Were her financial condition otherwise in a healthy state, this amount would not mean too much. However, the gold value of the yen is continually dropping, and Japanese bonds are selling at lower prices in foreign markets. The former was worth approximately half an American dollar when at par, and at the beginning of this year it was still above 40 cents. Since the Shanghai campaign it has dropped, and recently it touched the very low rate of 22 cents, or less than a half of the par value. This means higher prices in Japan, and that the government has to pay much more for whatever it buys with the depreciated currency. The budget is already unbalanced, except for the issue of many series of bonds, and more loans and more note issues are necessary to meet the ever increasing expenditure. These latter in turn cause further inflation, and fall in the value of the yen. At the same time the people are driven to buy foreign currencies, especially American gold, to safeguard themselves from the effect of the yen depreciation. According to a *Nippon Dempo* report of the same date, there are 802,261,000 yen of foreign securities in Japanese hands. The Bank of Japan and the government have together 96,336,000 yen and the people 705,925,000 yen. It is also stated that 598,295,000 yen of the total of 800 odd million have been bought or rebought by the Japanese within the last twelve months. The news is probably given out to show that Japan has so much of what may be considered as unofficial gold reserve on hand, which may be used for stabilization of her foreign exchange. It may be useful in this manner, provided the government can force the people to sell out their holdings to maintain the gold rate of the yen, and forego the profit that they would otherwise realize on such holdings. From our point of view, these figures rather speak eloquently of the flight of capital from the island empire, as a result of currency depreciation. As the currency history of other countries shows, inflation and consequent depreciation almost always result in the flight of capital to foreign countries, and this capital is seldom available for the maintenance of the monetary standard of the home country, unless the latter can stabilize it by some other measure. The Japanese yen is yet far from a state of stability, Japan's foreign trade is showing a persistent adverse balance, and the government is more and more dependent on borrowing to balance her budget. Japan may feel exuberant about her joy ride in Manchuria and Jehol, but she is riding towards bankruptcy

Fascism in Japan Sponsored by Army

According to a report in a Japanese newspaper at Tokyo the Japanese military authorities have demanded an apology from a certain university professor named Nagai for declaring, in the course of a lecture, that the Fascist movement in Japan is unofficially supported by the Army and ex-Service men. Irrespective of the truth or otherwise of the report that the military authorities have taken umbrage at this assertion, *Reuter* says there can be no doubt that the Army—indirectly if not directly—has played an important part in the rapid growth of the movement in recent months and is likely to be the determining factor in the future development of the movement. The reason for this is obvious. Stated briefly in general terms it is that, whereas the Army is in sympathy with the motives behind the movement, the military authorities recognize the dangerous implications if the more extreme elements take matters into their own hands. Should such a development seem inevitable, therefore, the Army would almost certainly stay, in order to prevent it.

Head of Kiangsu Province Says There Is No Opium Monopoly

Rumors alleging that the Kiangsu Provincial Government has enforced a provincial monopoly for the sale of opium were categorically denied by General Ku Chu-tung, Chairman of the Kiangsu Provincial Government, in the course of a report made at the weekly memorial service at Chinkiang September 6. General Ku pointed out that if any such measure had been taken, there must have been either sanction from the Central Government or regulations passed by the Provincial Government to that effect. The fact that no such sanction or regulations have ever been issued gives the lie to the rumors, as, from the very nature of a government monopoly, it can not be enforced in secret.

This is the territory which Japan has seized or is in process of seizing in Manchuria. It includes the provinces of Fengtien, Kirin and Heilungkiang which are already occupied and the province of Jehol which is now in process of seizure. The total area of these provinces, exclusive of Inner-Mongolia, which Japan also claims, is 443,000 square miles and the population about 35,000,000. The equivalent area in the United States is shown on the opposite page.

Nanking Municipality to Sell Public Land

A recent Nanking message stated that approximately a million dollars will be realized from the sale of public land in the Nanking Municipality. Many public lots in the Capital are being offered for sale by the Municipal Authorities after having been duly measured, classified, and evaluated. It is reported that the Kiangning (Nanking) District Magistrate's Yamen will shortly be removed from the Capital inasmuch as Nanking is now under a municipal government. It will probably be located at Molingchen or Kiangningchen, a suburban of Nanking,

Canton Refuses to Obey Nanking---Demands C. E. C. Plenary Session

A virtual threat to Nanking has been delivered by the South-west Political Council in its decision made September 10 demanding the early convocation of the third plenary session of the Central Executive Committee of the Kuomintang. If Nanking refuses to accede to the demand, a Hongkong message states, the South-west Political Council will convoke the C.E.C. session at Canton. The South-west Political Council telegraphed to Nanking expressing inability to comply with the Central Government's injunctions against the establishment of a branch supreme court at Canton. The Council also refused to change its decision in regard to an increase in telegraph and radio rates.

Chinese Matrimonial Tangle Aired in District Court

Henan Chi, until recently an editor of the defunct *Kwan Han Evening News*, is suing his concubine, Chang Mei-ling, for forcing him to sign a certain document, and with assault. He also ask for a divorce. When the case was resumed in the Second District Court September 10 Mrs. Chi (alias Chang Mei-ling) agreed to a separation, but claimed a sum of $140,000 should be paid for support of herself and her seven children. Following this a protracted argument ensued. Judge K. L. Tsu announced that judgment will be given September 19. Henan Chi's concubine was a sister of his legal wife, Chang Mei-ling, it was stated.

Japan's seizure of Chinese territory is practically equivalent in area to these nine Middle-Western states of the American Union,—Missouri, Iowa, Minnesota, Wisconsin, Illinois, Indiana, Michigan, Iowa and Kentucky.

Canton Marine Units Incorporated into 19th Route Army

The Canton marine units, which have been reorganized as the second reserve brigade of the 19th Route Army, are being incorporated into the Army in accordance with an order of the Headquarters of the 19th Route Army. The three regiments which comprise the reserve brigade are divided among the three divisions of the 19th Route Army; the 1st regiment being incorprated into the 78th Division, the 2nd regiment into the 61st Division and the 3rd regiment into the 60th Division. Major-General Chen Chen Chieh, Commander of the Marines, has been transferred as Head of the Highway Engineering Corps.

Soviet Goods Being Sold in North Manchuria at Popular Prices

A press message from Harbin states Soviet goods have begun penetrating into North Manchuria. The Soviet is now endeavoring to sell its goods among the masses at popular prices. The principal imports include tobacco, sugar, textiles, farming implements, foodstuffs, canned goods, glass-ware, aluminum and enamel wares.

U. S. Loan for Over Billion Dollars Heavily Oversubscribed

An issue of Treasury Notes to the value of $750,000,000 and "Certificates of Indebtedness" for $400,000,000, all bearing interest at 3¼ per cent. was carried out at Washington last week. The total $1,150,000,000 was six times over-subscribed within three days. This is America's second major financial operation this fiscal year, the first having been the issue on August 1 of Treasury Notes to the amount of $365,000,000, maturing in five years. Said sum was ten times over-subscribed in one day.

Japanese Machinery for India

A recent telegram from Tokyo stated that many orders for machinery in the cotton spinning and glass manufacturing industries as well as agricultural implements, have been placed in Japan from British India recently owing to fall in the yen. The recent increase in the Indian import duties have apparently stimulated India's home industry and thus created a demand for machinery. A number of Japanese engineers have been invited by India to instal the machinery imported from Japan.

September Eighteenth---A Review of Causes and Events

BY HOH CHIH-HSIANG

WHATEVER will be the final outcome of the present Sino-Japanese embroglio and the ultimate fate of China's Three Eastern Provinces, generally known as Manchuria, September 18th, 1931, which completes the circle of a full year today, will go down to history as a momentous day, to China and Japan in particular and the outside world in general. Since this day last year when Japanese Militarism first reared its head in Manchuria, many events of grave import and consequences have intervened, but amidst all the confusion and chaos, two vital facts are discernible and must be candidly admitted. First, China has lost control of her Three Eastern Provinces for at least a year since that day and the second, the world peace has been badly shattered by the Japanese militarists. Thus far, official and military China has played the role of a coward (except the short brilliant defense of Shanghai by the 19th Route Army) and has solely relied upon world "pity" and the fitful but inefficient efforts of that helpless body, the League of Nations, while Japan has gone ahead with her mapped-out program of systematic conquest of Manchuria with steadiness and precision, and ignored both. The general world outside has remained a calm on-looker and cautiously refrained from doing anything, lest their action should offend "armstrong" Japan. Up to the present, what the world has done consists of a considerable amount of red-tape, much diplomatic verbiage, many futile conferences in far Geneva and a long-delayed but prolonged probe on the spot of fire. This is the actual state of affairs which now obtains in the Far Eastern Crisis after the development of a full year.

During the past twelve months, the Crisis has developed to such large proportions and magnitude that the welfare of all nations has become involved and bound up with its future developments. The question now is no longer a mere contest between China and Japan, a Chinese Manchuria or a Japanese Manchuria, but a larger and graver issue has arisen: the complete breakdown of world peace and the dangers of another sanguinary world war. The future is dubious, but it seems certain that the cricis will be further aggravated from today onward and inevitably drifting toward a second world catastrophe, for the situation, as it now stands, dangerously tends to that direction. On the one hand, Japan, having been given a free hand, has gone so far in her adventure in Manchuria that she can not suddenly stop or bridle her course, while on the other, certainly, despite official cowardice, military impotency and merchant treachery, the vast millions of Chinese masses will never consider the present situation as settled and *a fait accompli*, but will dedicate themselves to a bitter and everlasting struggle. Meanwhile, the general world continues to look on and watch the serious developments with folded arms. As this situation remains, there is no hope for the future which is bound to witness further chaos and confusion in the Far East which will eventually prove disastrous to all nations. Therefore, on this day, which may be fittingly described as the first anniversary of the loss of Manchuria, let us take a look back in retrospection and briefly narrate the causes, developments and consequences of the present crisis since its inception last September.

The Causes: Fundamental and Direct

In fact, one needs not discuss causes of the crisis, for they have existed for many years and long known to the world. But for the present purpose, it may be succinctly stated that the fundamental cause lies in Japanese Imperialism and Militarism, evil offsprings of the mystic cult of the Japanese people of their divine origin, divine mission and divine destiny. These fantastic beliefs are crystalised in that fanatic document of the late Japanese Premier Tanaka for world domination, the first step of which is the conquest of Asiatic Mainland. Despite her claim and outside appearance as a modern state, Japan is sadly medieval in conception and outlook and feudalistic in method. The ridiculous conception that they are the chosen people of the Sun God and are destined to rule the world is really and ultimately responsible for her present mad adventure in Manchuria. It is because of this cult, that they call their men in uniform "heavenly soldiers" and their ruling head "Mikado" or "Heavenly Emperor." Literally, they believe that they are not a mere nation of human beings, but a divine group of incarnate Sun Gods. The Japanese at present both in thought and action are treading on exactly the same path as pre-war Germany and are not likely to awaken to her follies until they have learned the bitter lesson that was taught to the German warlords.

However, it would be unfair to lay the entire wrong on Japan for her aggression while absolving China from blame. Honesty and fairness demand the admission that the continuous disturbing conditions in China have been inviting to foreign aggression and constituted the direct causes of the present crisis. The conditions during the past two decades have been a continuous mess of confusion and chaos. Civil strife, military domination, official corruption, to mention only few of the major evils, have dominated the day. The most unfortunate and lamentable element among them all is the fatal lack of unity in China which proves a deciding factor in many a national crisis. Such a state of affairs has been a continuous prey to foreign encroachment and the terrible condition last year was particularly inviting and favorable to Japan. During all the vicissitudes through which China has passed, the fortunes of the country seem to have never sunk so low as they did last year. Natural calamities of unprecedented magnitude in the form of a devastating flood, disheartening internal dissensions between Nanking and Canton threatening an outbreak of a civil war, communist and bandit uprisings had beset the whole country to such an extent as to threaten the very foundation of its existence. This was the background against which the Japanese saw the advent of their millenium in China and set her enormous military machine in action. Literally, when China was drowned deep in water, when her political frame was on fire, Japan was on the look-out for trouble and actually created several serious incidents in the summer. However, the Chinese, well aware of their intentions, had exercised forbearance and taken care to avoid providing them with an adequate excuse to precipitate a crisis. But the Japanese militarists had determined not to see the lapse of their heaven-sent opportunity and finally took military action in Mukden on the mid-night of September 18. Preceding to the final outbreak of that crisis, there were first the Wanpaoshan Incident, the Korean Atrocities and intervening in between, the Nakamura Affair. These three events constituted the stage setting and finally ushered in the main show of the Manchurian occupation in its proper form.

The Wanpaoshan Incident

The incident originated in the lease of a tract of land from a Chinese real-estate operater, Hao Yung-teh, by a Japanese supported and subsidized Korean "Colony" for farming purpose at Wanpaoshan, a village located

about 20 miles northeast of Changchun. The lease was illegal under Chinese law and was not sanctioned by Changchun Chinese authorities. Despite this illegitimate start, the Korean farmers under Japanese direction proceeded with building of irrigation works and digging of a ditch 7 miles long, 8 feet deep and 15 feet wide which they had absolutely no right to do. As a result of the digging of this ditch, more than 2,000 mou (333 acres) of cultivated lands in the neighborhood were destroyed and 40,000 mow (6,000 acres) of arable lands were put in danger of inundation. Chinese farmers protested against the matter to Changchun Magistrate. On June 1, the Chinese authorities ordered discontinuance of the work on the ditch but the Korean farmers ignored the order. In order to defend their interests, about 500 Chinese farmers affected by the ditch, on July 1, working in groups, filled up the ditch and destroyed the dam with their agricultural implements. Whereupon, the Japanese waxed furious and dispatched gendarmes to the spot to protect the Koreans, while the Japanese Consul-General at Changchun got busy by filing protests with Kirin Authorities for compensation. Early in the morning of July 2, a detachment of Japanese military gendarmes arrived at the scene with a machine gun squad. About 10 a.m., the Chinese farmers also marched on the spot. Almost as soon as the two parties met face to face, a verbal dispute arose between them. After arresting and binding up two Chinese farmer representatives, the Japanese military police opened fire on their followers and inflicted many casualties. As a result, the Chinese farmers were evicted from the spot and the Japanese Military gained complete control.

Immediately after the Wanpaoshan clash, the Japanese newspapermen flashed sensational stories about the Incident to Korea to stir up the hostile feetings of the Korean people. As a result, serious rioting against Chinese residents broke out with official Japanese connivance and under Japanese instigation. Rioting, clashes and massacres of Chinese occured throughout Korea at almost every city and town where Chinese resided, but the disturbances were most serious at the town of Heijo, located a short distance from Seoul, Capital of Korea. As a result of these riotings, hundreds of Chinese, men women, children, were ruthless killed or seriously wounded, while numberless Chinese houses and properties were destroyed. Chinese residents were dragged on the streets and beaten to death in most horrible way, while the fortunate survivors fled across the border to China and the more well-to-do sought refugee in Dairen, Weihaiwei, Tsingtao and other cities. According to the *Japan Chronicle*, British paper in Kobe, the rioting in Heijo alone resulted in the killing of ninty-nine Chinese men and women and the serious wounding of hundreds of others. The rioting lasted for several days. That the wholesale massacre of Chinese residents in Korea was deliberately organized and instigated by the Japanese was clearly borne out by the disclosures of the *Japan Chronicle*. The Japanese officials, military and civil, connived at the massacres and let the gangs of Korean loafers to perpetrate the crime without lifting a hand to help them or make serious attempts to suppress it. It was later established by facts that the majority of the Koreans had no share in the atrocities and the rioting, for example, in Heijo was done by a gang of loafers from unknown districts. At the cities where the rioting was most serious, the Japanese purposely transferred away troops and the police stood by calmly witnessing the orgy. To testify to Japanese official instigation and organization of the massacre, we can not do better than quote the following report in Japanese newspapers distributed by the *Nippon Dempo* service on July 9, the dispatch being sent by a Japanese correspondent at Heijo:

"Bitter complaints are being lodged against the local police for their complete failure to control the mobs of Korean rioters against the Chinese. It has been stated that the police showed an entire lack of ability to cope with emergencies.

"The police report following an investigation has revealed that the whole attack on the Chinese had been carefully planned on Sunday. Each of the leaders carried a detailed map of the city with the residences and property of Chinese clearly marked. The attacks on these places were then carried out in accordance with detailed instructions."

It is reported that the Korean mobs were instructed not to molest Japanese residents in any way, in spite of the fact that anti-Japanese sentiment in Heijo has been the strongest in Korea. The attackers were also told, "carry on in the presence of police, consider the position in the face of gendarmes but retreat before troops."

The Nakamura Affair which actually occurred in between the above two Incidents but became intensified after the Korean atrocities, was maliciously magnified and deliberately exploited by the Japanese militarists in Japan to inflame public feeling against China and to pave the way for the invasion of Manchuria. It constituted the immediate prologue to the Mukden Affair on September 18, 1931. Nakamura, who was a Japanese army officer with the rank of Captain accompanied by another Japanese N. Insugi (an ex-employe of a Japanese Hotel in Tsitsihar), a Russian companion and a Mongolian guide, set out from Mukden on a trip of military espionage in Inner-Mongolia early in June last year. Prior to departure, he had obtained a *Huchao* or passport from the Chinese authorities at Mukden, describing him as a professor and scholar, making geographical studies, but completely concealing his military status and mission. But as facts later established, he was on active military duty and undertook the trip for army espionage. The party departed. All seemed well. But suddenly on June 27, last year, Nakamura disappeared. At first, the news was suppressed in Japan, but the ban was lifted on August 27, when the Army began a strong agitation and started a campaign to arouse the bellicose feelings of the people and clamored for military action. While stories concerning circumstances of the death of this Japanese spy are conflicting, it seems to have been established he was shot to death in Inner-Mongolia. According to some reports, he was arrested and found guilty as a dope dealer, besides doing espionage work. He wore civilian clothes and revealed his military status only after his arrest. Another story has it that he was tried but was permitted to go. Later, he had a fracas with Chinese soldiers and was killed while shooting at them. Still others have it he was officially executed for engaging in subversive activities and dealing in drugs in Manchuria. Anyway, to the Japanese army crowd, a Japanese army officer with rank of Captain was killed by the Chinese and that was sufficient to justify any action. Terrible retribution must be exacted. The Army had for months looked for incidents to support its contention that "China be taught a lesson" and the Nakamura affair provided it with an ideal opportunity. Japanese newspapers co-operated with the Army in working up the feelings of the public and the Army insisted on military action to bring China to terms. In the meantime, China was conducting an investigation of the case and was ready to settle it satisfactorily to the Japanese. But despite this, the Army got the upper hand in Japan and secretly set their military machine in motion, prepared to strike a decisive blow at a favorable moment.

The Manchurian Occupation

Negotiations for a satisfactory settlement of the Nakamura case proved a protracted affair. While the Nanking Government and the Mukden Authorities promised to make amends for the affair after a full investigation, the Japanese Army people became impatient and forthwith manoeuvred for military action. As the fateful day of September Eighteenth approached, the Japanese Army in Manchuria represented by war-lord Honjo, Commander of the Japanese Kwantung Garrison force decided that their hour to strike had arrived and with unparalleled efficiency and swiftness, occupied Mukden during mid-night of the 18th and the morning of the 19th. After seizing the Chinese Government offices in Mukden and the chief military barracks, the arsenal and the radio station, they announced to the world that the cause for their action was the destruction of the railway tracks on the South Manchurian Railway at Liutaokou, near Mukden in the night of September 18 and an armed clash between the Japanese and Chinese soldiers. But as events later proved, this allegation was entirely false and independent observers confirmed it was a sham. According to confirmed reports, the Japanese troops suddenly launched an attack on Chinese troops at Peitaiying, the Great Northern Barracks of Mukden at 10.30 o'clock in the night of September 18. Chinese troops were ordered not to resist by the Mukden Authorities and abstained from replying to their fire. The Japanese troops forthwith entered, occupied and subsequently set fire to the barracks, Chinese troops being ruthlessly fired upon and driven out. In the meantime, heavy artillery bombardment was opened upon the Peitaiying and the Mukden arsenal. While the firing and bombardment was in progress, the

(*Continued on page 113*)

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Legality of Sino-Mackay Radio Traffic Agreement

BY CHARLES H. WONG

WEEKS of silence, then months of mysterious rumors, resignations, and contradictions; these have followed the signing, on June 27, 1932 of two contracts by China's Ministry of Communications. One, a traffic agreement with the American Mackay Radio Company, appeared in the press in July, when rumors of its existence and of its cancellation were spreading; the other, a contract with the China Electric Company, allied with Mackay, for the purchase of equipment, has never been given to the public. It is understood to provide for some $2,000,000 worth of radio-telephonic material.

Three questions loom up in the mass of rumor about the first of these contracts:

I Is the Mackay traffic agreement legal?
II Is it beneficial to China?
III If so, why all the mystery?

The first question hinges on another: does the new traffic agreement conflict with the government's existing agreements with the Radio Corporation of America (R.C.A.) and the Radio Corporation of the Philippines (R.C.P.), signed in 1928 and 1929? To answer this involves some citation of documents, but the essential clauses are simple enough.

The present R.C.A. contract prodvides: "The Council shall transmit over the said (C.G.R.A.*-R.C.A.) circuit every message within its control destined to the U.S.A. ....unless otherwise routed by the sender." (Article 3, reciprocal to article 2 binding R.C.A. Article IV, 3 of the R.C.P. contract is similar.)

Both R.C.A., R.C.P. and Mackay contracts provide, in almost identical words, that: "Generally each party shall cooperate with the other to secure the successful and remunerative working of the jointly operated circuit or circuits." (R.C.A. art. 8; cf. R.C.P. IV, 7, Mackay 8).

The R.C.P. contract provides: "Each party shall actively canvass for traffic to be routed over the circuit." (R.C.P. IV, 7). The new Mackay agreement stipulates: "The Ministry and the Company shall cooperate with each other to the fullest extent to solicit for radio traffic, and the Ministry agrees to print and distribute....blank forms showing all routings as a suggestion." (Mackay, 11).

The question then is: can the ministry cooperate, in good faith, with each of two directly competitive companies for its "successful and remunerative working"? Can it "actively solicit traffic" for one, the while it solicits traffic "to the fullest extent" for the other?

Offhand, the lay mind would say no. And the lay mind would find backing in the recent decision of a like case by an international Board of Arbitration presided over by a member of the High Court of Justice of Denmark. The Czecho-Slovak Administration of Posts and Telegraphs had an R.C.A. contract with clauses practically identical to those quoted above. It proposed to make an additional contract with Mackay. Unlike the Ministry here, it notified R.C.A. of its plans, and when R.C.A. objected, arranged for arbitration, as all these contracts provide in case of dispute.

The Czech Administration, in its plea, recognized R.C.A.'s priority, stating that it aimed to eliminate minor competitors only, and claimed freedom to add the new circuit only "provided it does not show a tendency to injure....the other party" (R.C.A.).

The arbitrators ruled that the new circuit would injure R.C.A. and on that ground forbade the Mackay contract. They held that "the very simplicity of the form" (similar to R.C.A. art. 3 above) "firmly establishes this general obligation....the activities of the one party to establish a second direct radio circuit between the same two countries cannot be permissible, provided.... these efforts are likely to cause losses to the mutual undertaking by competition and further provided it cannot be shown....clearly and expressly stated....that an activity of this kind is permitted."

The loophole pointed out by signers of the new Mackay contract here is the clause in the R.C.A. agreement "unless otherwise routed by the sender." This clause, it is maintained, leaves room for all that the new circuit claims; namely "every routed message marked 'via Mackay'" (Mackay, art. 2).

But does this right of the sender to choose his route imply the right of the Ministry to create a new route, not in existence when the clause was framed, and to steer the sender toward it, soliciting for it "to the fullest extent"? Again, common sense says no, and again common sense finds legal support.

In the Czecho-Slovak contract with R.C.A. the same "unless otherwise routed by the sender" clause existed and was similarly cited, but the arbitrators ruled: "This exception was inserted with deference to the sender's right as per art. 43 par. 3" (of the International Telegraph Regulations, which it repeats) "and not out of regard for the parties, to reserve for themselves their liberty as to all such telegrams....If the parties.... should be at liberty as to all telegrams marked with special route....either....would be at liberty to institute the keenest propaganda and competition against the mutually operated circuit....That this would be at complete variance with the present agreement, both its wording and spirit, is undeniable."

One other supposed loophole in the R.C.A. contract which has been mentioned, reads: "Either contracting party is free to make any other traffic agreement with any other nation or nations for radio communication, provided that par. 2 and 3 are observed'.' (R.C.A. 11).

But the word *other* is here meaningless unless it excludes the two countries concerned in the contract, China and the U.S.A. One of the Ministry spokesmen, quoted as citing this article, conveniently omits this word, making the phrase read "any country," but in any case, the proviso enforcing paragraphs 2 and 3 effectually stops this loophole.

It thus appears that attempts to legalize the Mackay contract must tear a single phrase from its context and defy the whole purport of the R.C.A. agreement in a way legal precedent condemns. Certain harassed officials, however, even while they claim that they have not violated the R.C.A. contract, add in the same breath that anyway R.C.A. did it first. The same uneasy statements assure us that the new agreement will cause no injury to R.C.A. and that its chief purpose is to punish R.C.A.

R.C.A. it is said, has trafficked with Manchukuo. But if such traffic violates the contract, as has been alleged, why has the Ministry not appealed to arbitration, as provided in Article 10? Why do its officials, in published statements, rather charge one another with laxness on this point? Why does one official statement charge that R.C.A. has signed a contract with Manchukuo, while others explain that R.C.A. is merely carrying on provisionally under the old Northeastern contracts, tacitly accepted by the Central government until the "war" in Manchuria. R.C.A. has publicly denied the making of a contract with Manchukuo and since the denial the Chinese officials have not repeated the charge from which it appears they accept the R.C.A. statement.

Why, above all, if R.C.A.'s Mukden traffic is punishable, was the Ministry *itself* trafficking with Harbin and other stations in the moot area at the same time, and continuing down to the present time? This point seems scarcely a sincere, and certainly not a legal, justification for breach of contract by the Ministry.

But, whatever its legal status, what benefits has this new contract to offer China?

Acting Minister of Communications Huang, quoted in the *Shun Pao* of July 22, seems to take the stand of abrogation in the name of patriotism: "All unequal treaties should be abolished and if the R.C.A. agreement provides....limitations to our....business, we must not permit it, lest it cause loss of face to our country."

What does China stand to gain, in "face" or otherwise, from the new traffic agreement?

Along with Manchukuo, "monopoly" has been a convenient catchword. Has R.C.A. a monopoly? And would

*The initals "I.T.T." stand for International Telegraph and Telephone Company, while the initials "C.G.R.A." also used in this article stand for Chinese Government Radio Association.

the new Mackay circuit provide additional wholesome competition?

There now exist four Sino-American telegraph routes: two, the Great Northern and Eastern Extension systems, are trans-Atlantic; two, the Commercial Pacific cable and the C.G.R.A.-R.C.A. radio circuit, are trans-Pacific. Over all these routes the same rates and classes of service are in effect, and cannot be revised without consent of the Ministry.

The Ministry gets 50% of the tolls by the R.C.A. route and owns the China terminal; the others contribute a much smaller percentage of revenue and use terminals in China owned by foreign companies. The Mackay circuit would provide an additional route across the Pacific, but Mackay is *owned by the same parent company* as the existing Commercial Pacific; namely the International Telegraph and Telephone Company.

Provision of an additional circuit cannot be expected to increase the total traffic. It can only take business from existing circuits. At this end, Mackay would draw part of the messages originating with C.G.R.A. thus cutting R.C.A.'s revenue without adding to the Ministry's. At the other end, Mackay would draw some messages originating with the Postal Telegraph Company, another I.T.T. subsidiary.

R.C.A. draws its traffic from America mainly from the Western Union Telegraph Company, an independent organization which handles about 80% of the American telegraphic business. If the R.C.A. traffic from China is appreciably cut, Western Union will probably cease to promote the C.G.R.A.-R.C.A. circuit and will route its messages via Atlantic, with consequent heavy losses to the Chinese Administration.

If the traffic both ways over the C.G.R.A.-R.C.A. circuit diminishes markedly, R.C.A. may be forced to withdraw from the field.

Then what about "monopoly" and "face?" Instead of an independent radio circuit, competing with Commercial Pacific to bring rates down, we shall have two Pacific routes, one entirely, the other largely, owned and controlled by I.T.T.* which already owns the Shanghai Telephone Company, and owns or controls several other municipal telephone systems in China.

Will I.T.T. then continue to forfeit revenue by using the Mackay route, when it gets a larger share of the revenue by cable? What will become of the lower rates and improved service brought about by the opening of the C.G.R.A.-R.C.A. circuit? Would it not be a long step backward instead of forward in China's struggle to gain control over it's own communications.

Careful consideration of the problem discloses no probable benefit to China from the Mackay agreement but does disclose quite clearly that China has much to lose. It raises Question III: why the mystery, the secrecy, the contradictions, the would-be cancellations, the resignations? Nobody seems to know; but the question is prolific of other questions. A few straight answers from the Ministry of Communications would clear the air.

Nanking, September 11, 1932.

Fukien Tangpus Ask Dismissal of Governor for Opium Smoking

The Kuomintang branches throughout Fukien Province are demanding that the national government dismiss and punish General Fong Sen-tao, the chairman of the Fukien Provincial Government, on the grounds that he plants and smokes opium. Circular telegrams charge the governor with incorporating the bandits into the provincial army and with insulting the memory of the late Dr. Sun Yat-sen by comparing him with a bandit chieftain in a speech in public.

Hunan Officials Suppress Poppy Cultivation

Following the example of Hupeh, drastic measures are being enforced by Hunan in suppressing the cultivation of the opium-poppy. In identic orders to the various military units stationed in Hunan, General Ho Chien Commander of the 4th Route Army and concurrently Chairman of the Hunan Provincial Government, instructs that unreserved co-operation should be given to the civil authorities in getting rid of the opum evil. Strict orders have accordingly been issued by the Provincial Government to all local authorities.

Law on Labor Disputes Revised

An important revision of the Law governing the Settlement of Disputes between Capital and Labor was adopted by the Legislative Yuan at Nanking September 10. The following are some of the salient features of the revised Law:—

In the event of any dispute arising between Capital and Labor, the local administrative organ (i.e., the Municipal or the District Government concerned) shall—either at the request of one of the disputants, or, whenever it should deem necessary, on its own authority—refer such dispute to a Board of *Mediation* which shall attempt to bring about a compromise between the two parties. A compromise so effected will be deemed to have the same binding effect as a contract signed between the two parties.

Where the Board of Mediation fails to effect a compromise, the dispute shall, upon request by both of the disputants, be referred to a Board of *Arbitration* for settlement. The local administrative organ may, however refer such dispute for arbitration on its own authority, if the said dispute shall have extended over one month or where it affects any of the following enterprises:—

1. Manufactories of military supplies directly operated by Government.
2. Waterworks, electric power plants, or gas companies.
3. Postal, telegraph, telephone, railway, tramway, navigation or public omnibus services.

The award of the Board of Arbitration shall be binding upon the two parties and there shall be no appeal against such award.

Composition of the Boards of Mediation and of Arbitration

The Board of *Mediation*, shall be composed of from five to seven members; two to be nominated by each of the disputants and one to three to be nominated by the local administrative organ. A nominee of the latter shall preside at meetings of the Board.

The Board of *Arbitration* shall be composed of five members, namely, one representative each from:—

1. The local Municipal or District Government.
2. The local Party Headquarters.
3. The local District Court.
4. (one each from) Employers and employees not directly involved in the dispute.

Restrictions Upon the Actions of the Disputants

Neither the employers nor the employees in any of the public utility enterprises mentioned above may resort to a lockout or strike on account of any dispute. In all other cases, no lockout or strike may be declared while the disputes are pending either before the Board of Mediation or the Board of Arbitration. It is further stipulated that during the pendency of such disputes, the employers may not discharge their workers.

Restriction on Labor's Right to Strike

An important restriction upon the right of Labor Unions to declare strikes is imposed by a revision of Art. 23 of the Labor Union Law adopted at a meeting of the Legislative Yuan at the same time: No strike may be declared by any labor union unless and until the dispute giving rise thereto shall have come up for mediation and failed of settlement, and unless two-thirds of the entire membership of the Union shall have signified their assent thereto, by voting in secret ballot, at a plenary meeting of the Union. No strike may be declared, despite compliance with these conditions, if the dispute has been, or, according to Law, ought to be referred for arbitration. Labor Unions of workers in the enterprises mentioned in Art. 3 of the Labor Union Law (i.e. public utilities and State enterprises) may not go on strike under any circumstances whatsoever.

Invalid Home for 19th Route Veterans to Be Established at Canton

A home for disabled soldiers of the 19th Route Army will be established at Canton especially to accommodate the men who were permanently invalided after the Sino-Japanese hostilities in Shanghai last February. The Government will appropriate funds for initial expenses, and public subscriptions will be solicited for its upkeep. Sponsors of the proposed institution include Generals Chen Chi-tang, Li Tsung-jen, Messrs. Tang Shao-yi, Teng Tse-ju, Hsiao Fu-cheng, Lin Yun-kai and Tsou Lu.

War in the Far East---A Soviet View

BY CARL RADEK

(This article, written by Carl Radek, well-known Soviet citizen appeared originally in Foreign Affairs, American quarterly journal published in New York)

A STATE of war has existed in the Far East for more than six months. ***The Manchester Guardian*** is quite right when it says that it is mainly thanks to the proceedings of the League of Nations that this fact has not been sufficiently impressed upon the public opinion of the world. The League's endless discussions as to how to apply the Covenant to the Sino-Japanese war have obscured and still obscure its immense historical significance. Actually the conflict marks the beginning of a whole new era in the Far East. In order to show that this conflict is no mere accident, it will be sufficient to call attention to the fact that while at the sessions of the League which followed Japan's seizure of Mukden on September 18, the Japanese representatives could speak of "local incidents," Japan proved to be so well prepared to exploit a situation arising from "local incidents" that in the course of a few days she succeeded in occupying, obviously in accordance with a carefully prepared plan, all the localities of decisive strategical importance in Manchuria.

A Complex of Imperialistic Contradictions

This is a mystery which the League of Nations did not attempt to solve. But Soviet observers who studied the situation in Manchuria in the summer of 1931 were able to give a very accurate forecast of what lay ahead. V. Avarin, in his book "Imperialism and Manchuria," published in the summer of 1931, wrote as follows: "The representatives of Japanese imperialism stubbornly claim the full rights and privileges obtained under the twenty-one demands. It is perfectly clear that without a bloody struggle Japan will not at the present time accept ejection from Manchuria, nor even a weakening of her position there. A weakening of Japan's position has nevertheless been much in evidence of late. This means that at any moment one can expect some decisive action on the part of Japanese imperialism. And if it meets with opposition, this will mean that on the basis of a complex of imperialistic contradictions (among which the Manchurian question is not without importance) a new imperialistic slaughter is bound to arise." A similar forecast was made in the spring of 1931 by N. Terentev in his article "The Sino-Japanese Railroad Conflict in Manchuria," published in the Soviet periodical ***Problemi Kitaya.***[1] These forecasts were based on a study of the economic and political forces at work in Japan, the way things were going in Manchuria, the position of China, and the international situation created by the world economic crisis. Subsequent events have proved that they were sound. And they have been illuminated by the light of exploding shells and the glare of burning towns and villages.

The apologists of Japanese imperialism maintain that it is not enough to condemn Japan, that in addition one must try to understand her position. But instead of pointing out the actual causes of the conflict, they indulge in fairy-tales which anyone conversant with economics is able to see through without difficulty. The first of these fairy-tales is the statement that Japan suffers from overpopulation and that this forces her to follow the road of imperialistic expansion because the normal outlet for her surplus population is closed by the immigration policy of the United States. But the Japanese have not been a particularly prolific race. During the long period of the Shogunate the population of Japan remained practically fixed. From 1721 to 1846 it increased from 26 millions to 26.9 millions, that is by 900,000 in 120 years. This figure should be contrasted with the annual rate of increase of 900,000 today.[2]

The problem lies not in the prolific birthrate of Japan but in the social changes which occurred during the Meiji era. Japan's adoption of capitalistic methods in 1868 did not eradicate the Japanese feudal system. The distribution of land remains particularly unfavorable to the peasantry. One part of the rural community is represented by 56,000 large landowners and 350,000 middle-sized and small landowners, and the other part by more than 5 million peasants who either have no land at all and are merely tenants, or who own plots inadequate to provide them with a living. The landowner class seldom cultivates its estates but leases them to the peasants at exorbitant rents. The peasants pay from 50 to 60 percent of the harvest in rentals, and thus are helplessly caught in the landowners' net. As a result, the peasant population still forms an inadequate domestic market. Thus it came about that the young Japanese bourgeois and the landlord who invested in capitalistic enterprises found themselves confronted, from the very beginning of the capitalistic era, with the necessity of fighting for an outlet in foreign markets. The war with China in 1894 was already a clearly imperialistic war, in spite of the fact that at that time Japanese industry was still in its infancy. Even ten years later, at the outbreak of the Russo-Japanese War, which was fought for the possession of Manchuria and Korea, the whole Japanese industry provided employment for merely half a million workers.

The ease with which Japan won a victory in the Far East, and the indemnities and loans which she secured, stimulated her capitalistic development. Industry, commerce and transport offered an outlet for a surplus rural population. The growth of the population was in turn stimulated. The increase is therefore the consequence and not the cause of Japan's imperialistic expansion.

What is the explanation of the easy victories won by Japan? The answer usually given is that Japan is an industrial Power, and occasionally it is even said that she is a first-rate industrial Power. As a matter of fact, the extent of Japan's capitalistic development is greatly exaggerated. In all branches of industry, with the exception of the electro-technical industry, Japan occupies fifth place among the nations of the world; in the manufacture of machines she stands sixth, *i.e.* she is on a level with Italy, a country with a much smaller population than Japan. The part of Japan was determined by her relative industrial strength not in the world as a whole, but in the Far East. She became the most industrialized of the Asiatic nations. All other industrial countries were far removed from the theater of her expansion. Armed opposition could be offered to her only at great sacrifice and expense. In addition, she also profited by the fact that the low standards of living of the other nations of Asia permitted her to compete successfully by selling cheap goods of inferior grades which are not manufactured in the more advanced capitalistic countries.

Having defeated Tsarist Russia—a country socially and economically even more backward than herself, a country, too, whose main bases were separated from the Pacific Ocean by immense distances—Japan deemed herself the master of the Far East. In 1915 she felt in a position to impose upon China the twenty-one demands, which put her in control of the resources of the vast Chinese empire. She saw herself at the very goal. China was to supply her not only with the raw materials which she lacks—coal, iron, soya beans and cotton—but also with an immense and growing market which would make it possible for her to transfer more and more of her increasing rural population into industry. The Japanese landlords would thus be able to maintain their positions

1. *Problems of China* 6.7.

2. John E. Orchard: "Japan's Economic Position," New York: McGraw-Hill, 1930, p. 8.

not only in the villages, but also in the social and political life of the country as a whole.

Japan's Set-back at Washington

The Washington Conference of 1922 proved to Japan that the results of the war had been no less unfavorable to her than to Great Britain. The tremendous increase in the importance of the United States in world politics forced Britain to abandon her alliance with Japan; and although British imperialism nevertheless attempted to support Japan behind the scenes in order not to lose the Japanese trump in its struggle against the United States, Japan was threatened with possible isolation not only because the relative weight of British imperialism in world politics had declined and London's dependence on New York was growing, but also because the British Dominions were opposed to the pro-Japanese policy of the Foreign Office. Among the other events which definitely deprived her of the possibility of creating an anti-American coalition were the breakdown of German imperialism and the extinction of Tsarist Russia.

Japan, having suffered a set-back at Washington, and further weakened by a fearful earthquake which cost her five billion yen, stubbornly attempted to retain the economic position she had won thanks to the exceptional conditions prevailing during the war. It was really because of the war that the number of industrial workers rose from 948,000 in 1914 to 1,500,000 in 1919.

In 1927, in spite of the general improvement in Japan's situation due to the loan for the reconstruction of areas affected by the earthquake, Japan went through a new economic disturbance which was actually the beginning of the present world crisis, a crisis felt in Japan more strongly than in perhaps any other country. This shows that she is a vulnerable spot in the international capitalistic system and that her economic forces are seriously undermined. But it is not merely these difficulties which push Japan on the road of adventure.

II

Japan dreads the inevitable progress of three historical tendencies, and dashes into the struggle against them fearing to lose an opportune moment which may still hold the promise of victory.

The three tendencies against which Japan is fighting are: first, the inevitable unification of China; second, the desire of the United States to conquer China economically; and third, the socialistic industrialization of Soviet Russia not only in Europe but also in Siberia.

Japan's immediate aims in China are the direct acquisition of a portion of Chinese territory and the seizure of all the principal strategic points about which the economic life of the rest of China revolves. The twenty-one demands which she imposed on China in 1915 leave no room for doubt as to her real intentions. These demands, translated into the language of railroad lines, mean not only her monopolistic domination of Manchuria but also her domination over the whole of northern China. Further, Japan has not only seized the Manchurian iron and coal mines but she has also attempted to seize the coal and iron of Shantung and has tried to put her hands on the Hanyehping iron works, which are the chief enterprise of the Chinese heavy industry.

Against Unification of China

It goes without saying that all this is directed against the unification of China. One of the decisive reasons why Japan has chosen the present moment to carry out the seizure of Manchuria is that the question of the unification of China has now reached an historical turning point. The attempts of the militaristic party of Chiang Kai-shek and the Kuomintang to unify China without first getting rid of the exploitation of Chinese peasants and workers by the capitalistic landlords and usurers have met with complete failure. Not being a unified force, the Chinese bourgeoisie is powerless to control its own tools, the leaders of its armies; these latter dictate their own will and take advantage of movements to unify the country in order to forward their own interests and to obtain personal and group power. The Chinese bourgeoisie is so busy exploiting the masses and defeating their efforts to improve their living conditions that it has no strength left to offer effective opposition to China's external enemies and is continually compelled to compromise with them. Exhausted by its struggle against the peasant and working masses, incapable of developing the economic resources of China, Chiang Kai-shek's government will either go under in general social and political chaos, or will cede its place to those forces which, after having endured and surmounted intervention from without, will assume leadership of the most populous country in the world.

And Japanese imperialism is arming itself to deal with either one of these two possible outcomes: the break-up of China and the turmoil of civil war; or the organization of China on an economic level to suit the interests of the masses. By seizing Manchuria Japan has cut away from China a country as large as France and Germany together and is turning it into a fortress in both the military and economic sense of the term. The fact that she retains Chinchow and the Jehol passes means that Japan is in a position to occupy at any time all northern China. The seizure of Woosung puts in her hands the gateway into the Yangtze valley. No mention is made of the evacuation of Manchuria; instead, an "independent" Manchurian state is organized and an open declaration made: "Here I am, and here I will stay." The allusions made by Japanese representatives before the League of Nations as to the growing international importance of Shanghai, and the discussions regarding the necessity of protecting the five principal Chinese ports from Chinese chaos, all indicate that Japanese imperialism is not satisfied with the seizure of Manchuria but plans to establish a number of fortresses on Chinese territory under the threat of Japanese guns.

The second menace against which Japan is fighting in China is the menace of American expansion. The United States has not as yet taken part in the struggle for the economic control of China on a large scale. The authors of numerous books on the policy of the United States in the Far East usually go back to the beginning of the nineteenth century and produce an array of documents showing that from the middle of that century many American leaders fully realized the immense importance of the Pacific Ocean in general and of China in particular. Such quotations, however, merely prove the existence of farsighted men in the ranks of leading American statesmen. Actual American penetration of the east began at the close of the nineteenth century, with the seizure of the Philippines. And this was a preventive policy—the exclusion of others, the safeguarding of actual penetration into China or of actual participation by the United States in any move to conquer Asia. This contention is fully proved by the fact that up to the present time the United States has invested in China no more than $250,000,000, while her investments in Japan amount to at least twice as much. In the post-war period, when American trade began to crowd England out of China and to conquer the Chinese market, the United States refrained from any large-scale economic commitment in China. But the general line of American policy toward China became plain, namely to oppose those who threatened to divide China or seize large slices of her territory. This had been the policy of the United States during the Russo-Japanese War; it had been directed against Russia during the war, and turned against Japan immediately after the latter won her victory. Proof is furnished by the intimate correspondence between John Hay, then Secretary of State, with President Roosevelt, Henry White and others published in William Roscoe Thayer's biography of Hay. It is further proved by the papers of Colonel House relating to the war period and to the Versailles negotiations. The demand for the so-called Open Door was a demand that aimed to safeguard the future market of China for American capital.

America as Japan's Competitor

There is no doubt that today Japan sees in the United States her strongest competitor in capitalistic China. England, who has invested more capital in China than any other nation, is not in a position to increase her investments. She is passing through a profound crisis, which forces her to look around for new outlets under the changed conditions created by the loss of her former industrial supremacy. This prevents the British imperialists from concentrating on Far Eastern problems. The United States, however, is in a position to beat Japan not only by making foreign investments but also by exporting cheap goods. The immense internal market of America allows her to carry on the rationalization and standardization of her production on a scale which Japan cannot even dream of equaling. Now the policy of the Open Door is one which gives victory to those who are economically the stronger. America has reached the point where she will have to decide to take an active part in the economic affairs of China. A daily increasing body of American public opinion begins to understand that America cannot find a solution of her crisis within

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Is Manchuria Really Japan's Life-Line?

BY C. Y. W. MENG 孟長詠

MANCHURIA is a "Life-Line" for Japan, therefore Japan will never give up Manchuria. Such is the reason given by the Japanese for their action in the Chinese Eastern Provinces. If such a principle were ever to be accepted, it would mean that the strong could live upon the weak. There would be no necessity for the establishment of the League of Nations, the Court of International Justice, and no necessity for the existence of international law. In such event, warfare among the nations would be very frequent, and the destruction of humanity would be very terrible. However, we are not discussing here the "Japanese principle." We will confine our discussion to the facts of the case, and find out whether Manchuria really constitutesa "Life-Line" to Japan or not.

Manchuria, Only Outlet for Japanese Surplus Population

To justify her emigration, the Japanese always advanced their stock argument that Japan needs relief for her surplus population, adding that the Japanese people are now barred everywhere in the world, pointing out angrily how the American Government barred the emigration of the Japanese by the famous "Gentlemen's Agreement" of 1924; and further emphasizing that as Japan is a late-developed country, she could not find any space to colonize her surplus population in such places, as Australia, Africa, etc., and that therefore she regards Manchuria as the "only outlet for the Japanese surplus population."

Therefore, the first thing we want to find out is: Is there any surplus population in Japan? D. K. Liu, advisory editor of the *China Critic*, and a statistician of international fame, in his article dealing with the Japanese surplus population, has the following to say:—(see the *China Critic*, March 17, 1932).

> "The population density per square mile of the Japanese Empire in 1930 was 316.2 and that of Japan Proper 423.0, as calculated from the statistical data in the Statesman's Year Book of 1931. For approximately the same date, the density of the United Kingdom was 504.7 and of England 734.2. Similarly, Belgium had a density of 686 and the Netherlands 628. It is only when we compare the Japanese figures with those of the new countries like the United States (41.3), Brazil (12.3), Canada (2.6), Australia (2.1) etc., that they begin to appear high.
>
> According to the Chinese Post Office figures in the China Year Book (1931 edition), the population density of Kiangsu Province is 896, Chekiang 657, Shantung 614 and Hopei 335. They are all coastal provinces bordering the China Sea, and are even less advantageously situated than Japan herself. The Shantung figure is especially significant, as the Chinese migrants to Manchuria go mostly from that province It is ridiculous for Japan to claim a right to colonize the Chinese territory of Manchuria when China herself is even more densely populated, and needs it to relieve her own surplus population.
>
> "The average density of China Proper and Manchuria is 254 per square mile. This is higher than that of Korea, which is 248.5 according to the *World* Almanac of 1932. From official data in the Statistical Resume of the Japanese Empire for 1930 we find the density of Korea for an earlier date in terms of square kilometers to be 88.4 while the 1931 Manchuria Year Book published by the East Economic Investigation Bureau of Tokyo gives for approximately the same date the density of South Manchuria at 81. How could Japan insist on the necessity of colonizing South Manchuria when Korea, a much larger territory of her own is no more crowded than South Manchuria is? If, after having annexed Korea for twenty-five years, Japan is still unable to utilize it to relieve her islands of their surplus population, what reasonable excuse can she put up for her need of Manchuria for the same purpose?"

The Japanese announced in 1905 their intention of sending to South Manchuria one million colonists within a period of 10 years. In 1927, after more than twenty years of control, there were in all of Manchuria, in a total population of over 27,000,000, not more than 240,000 Japanese. Of that number only about one-half were agriculturalists. The remainder were merchants or were attached to the South Manchuria Railway or to the enterprises that it has established. So Mr. Liu continued:

> "As late as 1927 there were only 454,881 Japanese in Korea among a total population of 19,137,698. It amounted to less than 2½ per cent of the whole. If the climate of Korea be too cold for Japanese people more of them ought to have emigrated to the warmer island of Formosa, but the same official statistics show that the Japanese in Formosa constituted in the same year also less than 5 per cent of the total population. Similarly, after 25 years of efforts to conlonize Manchuria, 228,810 Japanese and 607,-119 Koreans are now in those Chinese provinces. out of a total population of 29,198,000. The percentages are 0.8 and 2.1 repsectively. If, as Japan claims, she cannot send large numbers of her surplus population to Manchuria because her nationals cannot own land or enjoy other rights which will induce them to settle there, the same argument certainly does not apply to Korea and Formosa. That so few Japanese have settled in these territories is conclusive proof that Japan has really no surplus population which her islands cannot well support."

As there is no surplus population in Japan, the argument that "Manchuria is the only outlet for the Japanese surplus population" is not worth discussing.

The following table will show the present population of Manchuria:

	in thousands	per cent
Chinese	28,263,	96.8
Japanese	229,	0.8
Koreans	607,	2.1
Others	102,	0.3
	29,198,000	100.0

There are generally two distinct views regarding the Chinese migration into Manchuria held by the Japanese. The one group welcomes it as a factor tending to increase agricultural production and the cargoes carried by the Japanese-operated South Manchuria Railway. This broader-minded group identifies Japanese economic success in Manchuria with closer cooperation with the Chinese in agriculture and industry, and sees in the population increase an improved market for Japanese manufactures, especially cotton goods and railway equipments.

The other Japanese group, however, is skeptical and pessimistic. It sees in this infiltration the final blow to Japanese agricultural colonization in Manchuria. This group is apparently in a large majority.

Supply of Raw Materials

Another stock argument that is frequently presented by the Japanese to justify their aggression in Manchuria is that Japan looks to Manchuria not only for an only outlet for the Japanese surplus population, but also for the supply of the raw materials, such as coal, iron, foodstuffs, fertilizers, etc. Let us study whether such argument is true or only "artificial."

(a). *Coal Resources*:—Contrary to a widespread impression, Japan has a large annual home production of coal, ranking among the first ten countries of the world. Japan is in fact an exporter as well as importer of coal, the excess of imports being frequently caused by artificial factors in the coal industry and not by a dearth of the home production, or lack of reserves. Japan imports only a small part of the total coal consumed in the country. (Read "Economic Factors in Manchurian Diplomacy" by C. Walter Young, in the "Annals" of the American Academy of Political and Social Science, Vol. 152, 1930).

Official Japanese estimates of the coal reserves in Japan proper place the known workable reserves at 620 to 1,000 million metric tons; known reserves workable with greater difficulty at another 3,000 million tons; and the probably but unproved reserves at another 5,000 million tons. Dr. Kinosuke Inouye, director of the Imperial Geological Survey of Japan, has placed the "actual reserve" at nearly 1,000 million metric tons. Japan is not poor in coal reserves!

Further in view the fact that Japan today produces over 80 per cent of her electrical energy by water power which has already been developed to rival such countries as Sweden and Switzerland, every close observer comes to a conclusion that Japan has no cause for alarm of coal shortage, at least for "another century."

Manchuria has resources of coal and iron. But the coal reserves of the part of Manchuria under Japanese influence constitute over one-half of the total for all of Manchuria and have been estimated at 1.5 billion tons. It

is not a large reserve. It would be exhausted by the United States in a little more than two years. It is not even large in comparison with the coal supply of Japan proper, for it is estimated that the main islands possess a little over seven billion tons. (Read "Japanese Expansion in China" by Prof. John E. Orchard, in the "Annals", Vol. 152, 1930).

So how far Manchuria coal is essential to the economic life of Japan, that is to the normal progress of her industries, is very problematical. How far the Fushun collieries with the Japanese controlled mines at Penhsihu and Yentai in South Manchuria, could supply the needs, is also problematical, because, except for the smaller collieries, they produce only bituminous coal not suitable for coking purposes. On the other hand, Manchurian demands for the Manchurian coal far exceed the Japanese foreign demand, and within five years, to accept the opinion of Mr. Torgasheff "the Fushun mines will only be able to give 2.5 million tons annually to Japan owing to the increased demands of local industries and railways. During the past years, when the Japanese undertake to exploit the coal mines in Manchuria, such as in Penhsihu, Yentai, and Fushun, no attempt is ever made by the Japanese to ship coal to Japan to be kept as reserve under sea power. It is just because, in the first place, Japan does not need the Manchurian coal; and secondly, the Manchurian coal has to supply the needs of Manchuria first. The Manchurian coal is important to Japan principally for its support of the Japanese industrial structure in Manchuria.

(b). *Iron Resources*:—The iron ore reserves of Manchuria extend in a narrow zone of detached deposits for a distance of 125 miles from the Korea border southwestward across Manchuria to the Liaotung Gulf and are apparently continued for another 235 miles under the sea and into northwestern Hopei Province. The Manchurian deposits have been estimated to contain total reserves of about one billion tons of ore with a metallic iron content of approximately 300 to 350 million tons, or about the metallic content of the ore reserves of Germany and the United Kingdom, and about one-seventh of the metallic content of the estimated reserves of the United States. The bulk of the ore is of low grade with from 45 to 55 per cent of silica and only 30 to 35 per cent of iron. In any other country, much of the reserve would scarcely be considered as ore.

Scattered through the low grade ore of Manchuria, there are a number of small pockets with ore of sixty per cent, or more, iron content, but Tegengren estimates the total reserve of such ore at perhaps ten million tons, or not more than one per cent of the Manchurian total. It is the only ore comparable in quality to that used in the great industrial countries and the reserve is wholly inadequate as a basis of an iron and steel industry of any magnitude. If only this ore is considered, the Manchurian reserves are not more than two-and-a-half per cent of the reserves of Germany, less than two per cent of the reserves of the United Kingdom and one-fourth of one per cent of the reserve of the United States.

Two Iron Plants in Manchuria

At present, there are two modern iron plants in Manchuria, both Japanese, the one at Penhsihu, owned and operated by the same joint Sino-Japanese company that control the Penhsihu colliery, and the other at Anshan owned and operated by a Sino-Japanese subsidiary of the South Manchuria Railway company. The Penhsihu plant obtains its coke from the Penhsihu colliery and its iron ore from the Miao Erh Kou iron mine, owned by the same company and situated about 25 miles distant. But it is estimated that the Miao Erh Kou deposits contain a reserve of approximately one hundred million tons of ore, not more than two million tons of which is of sufficient high grade to be considered as ore at the present time. With the present capacity of the Penhsihu plant, the reserve of high grade ore at Miao Erh Kuo will be exhausted before 1935. Already, a small quantity of ore is brought in from Korea for mixing.

As to the Anshan iron works, it has proved to be a very expensive enterprise. During 1919-1929 heavy operating losses were reported in every year, the total loss being estimated at a little over $12,000,000.

The most serious difficulty experienced at the Anshan Iron Works has been with the quality of the iron ore. The Anshan deposit has been estimated to contain four hundred million tons of iron ore, but the bulk of it is like most Manchurian ore, high in silica and low in iron content. The high grade ore available by open cut mining probably does not exceed two million tons.

Japan's great dependence for imported pig iron and steel is not upon Manchuria but upon the Yangtsze valley, especially the Han Yeh Ping Iron and Steel Works near Hankow, which are under Japanese control. The latter works furnished Japan with twice as much of iron and steel products as the Anshan and the Penhsihu works in Manchuria combined. The Manchurian iron is too limited in quantity and too poor in quality to supply the needs of Japan!

(c). *Food Stuffs*:—Regarding the Japanese allegation that she is dependent upon Manchuria for the supply of food stuffs, Mr. Liu, in his article dealing with Japan's surplus population, has the following to say:—

> "Most industrialized countries like the United Kingdom, depend on imported foodstuffs to support their population. This is not so with Japan. She produced in 1928 1,633,009,000 yen worth of rice in Japan Proper, exported to the amount of 1,278,000 yen and imported 32,673,000 yen. Thus, of the total value of rice consumed, that which was imported amounted to only 2 percent. Of these two percent, China Proper supplied a quantity valued at 202.000 yen, equivalent to 12/100,000 parts of the total consumption, while Manchuria nothing at all. Similarly, Japan consumed wheat valued at 135,577,000 yen, of which about 4 per cent was imported from China Proper and 3½ per cent from Manchuria. As the figures show, wheat is a much less important foodstuff to Japan than rice, but in both she does not depend on China for her supply. For the supply of her principal foodstuff, rice, she does not depend on any foreign country at all. We fail to comprehend the meaning of surplus population when there is no insufficiency of food supply."

(d). *Other materials*:

(1) Petroleum: The increased dependence of Japan upon foreign crude petroleum to satisfy both her industrial needs and the requirements of her navy has given just cause for alarm among Japanese. But this problem is by no means too difficult to overcome. The new Saghalien oil concession obtained from the Soviet Government under permanent license would if developed, solve at least a large part of the Japanese problem. Japan is advised to take steps to develop first the already acquired petroleum oil concession, but not to think too much of exploiting the petroleum fields that belongs to other people. China has an equal petroleum problem to face, being the world's greatest importer of kerosene oil. The Chinese therefore look to Manchuria not only for exploitation of the oil shale found in South Manchuria but also for discoveries of workable free oil deposits, especially in North Manchuria.

(2) Fertilizers: The importance of Manchurian fertilizers to Japan is suggested by the Japanese estimates that about one million tons of sulphate of ammonia will be required by 1935, and that its maximum production by the subsidiary enterprises of the South Manchurian Railway, will not then exceed 100,000 tons. But in suggesting this, Japan is forgetting the fact that the present home production of sulphate of ammonia and other fertilizers in Japan is increasing very rapdily. In 1928, for example, Japan produced well over a million tons—her total requirement!

(3) Soya Beans: The Japanese placed the Manchurian bean cake first on the fertilizer list. But the fact is that in recent years, there has been in Japan a decreasing dependence on bean cake imports, because of the increased use of more scientific fertilizer. Chemical characters of fertilizers are far more important than tonnage figures, and Manchurian bean cake is known to be an unscientific fertilizer, whatever its quantity value. Japan has a fertilizer problem, but, from the point of view of alleviating it with mineral or chemical fertilizers from Manchuria, the conclusion is this: Such Manchurian fertilizers are but drops in the bucket of Japanese needs, and are likely to remain such.

(4) Cotton: The principal factory industry of Japan is the spinning of cotton yarns. No cotton is cultivated in Japan proper, because of the limited area of arable land and the demand for food crops. Raw cotton for the mills is imported from India, the United States, and China. It is Japan's leading import commodity. Japan is encouraging the cultivation of cotton in Manchuria in the hope of being able to secure a part of her consumption from the territory under her control. In 1928, about 7,400 acres of cotton were cultivated in Kwantung Leased Territory of the Liaotung Peninsula, with a reported production of 4,000,000 pounds of cotton; but it is difficult to accept the figure since it would mean the phenomemal average yield of 540 pounds per acre.

The Japanese Government has announced that it intends to extend the cultivation of cotton in the Leased Territory and in the Railway Zone to almost 600,000 acres with an estimated annual production of 256,000,000 pounds. It should be noted, however, that this a rather optimistic

estimate, for it is based upon the expectation of a per acre yield of over 425 pounds—a yield greater than the average for any cotton-producing country even Egypt, and more than three times the yield that the Japanese are now securing in Korea. Even if this very generous estimate should prove to be accurate, the total will be sufficient to replace less than 'one-fifth' of the raw cotton now imported by Japan from foreign countries.

(3) Is Japan Responsible for the Development of Manchuria?

Besides claiming that Japan is really dependent on Manchuria for subsistence, Japan has also contended that she has been to a large extent responsible for the economic development of Manchuria, meaning by this is that by virtue of this development, Japan is entitled to many "special rights and concessions" in Manchuria. It is now high time to examine how much truth there is in such contention.

Great emphasis is laid on the services of the South Manchuria railway in promoting the economic development of Manchuria. The main line of the railway is only 438 miles long, and together with its many branches does not exceed 700 miles. To claim that such a railway alone has brought about the economic development of a territory of 1,035,568 square kilometers is certainly ridiculous. In fact, the railway and all its branches are inside Liaoning, formerly known as Fengtien, one of the three provinces of Manchuria, with an area of 185,206 kilometers. This is only about one-fifth of the total area of Manchuria, and the principal economic development in Manchuria has been the conversion of the wilderness into cultivated land in the two other provinces of Kirin and Heilungkiang. Even in Liaoning the Peking Mukden-Railway (now called the Pei-ning Railway) built by the Chinese Government with a British loan, had served the territory for nearly thirty years before Japan took over the South Manchuria Railway from the Russians. So the South Manchuria Railway does not help much in the economic development of Manchuria, but it is only a weapon as well as an argument employed by the Japanese for Japanese domination of the Chinese territory of Manchuria.

Japanese Frustrate Chinese Ambitions

As a matter of fact, during the past decade, the Chinese have taken vigorous steps in developing Manchuria. From 1921-31, 854 miles of railways had been constructed in Manchuria purely with Chinese capital, mostly by Chinese engineers. In mileage they are longer than the South Manchuria Railway with all its branches. The more important ones are the Tahusan-Tungliao Railway connecting the Peking-Mukden line at Tahusan with a branch of the Ssupingkai-Taonan Railway at Tungliao; the Shen-Hai and Ki-Hai Railways which connect Mukden with Kirin, the Harbin-Hailun and Tsitsihar-Koshan Railway running northward from Harbin and Tsitsihar respectively on the Chinese Eastern Railway for the development of the regions north of that line. The mileage of these and other lines in Manchuria is given in the following table:—

a.	Chinese lines built with pure Chinese capital	854.1	miles
b.	Chinese lines built with British loan	200.0	,,
c.	Sino-Russian lines	1,114.9	,,
d.	Chinese lines with Japanese loans	610.7	,,
e.	Sino-Japanese lines	137.4	,,
f.	Japanese concessioned line (S.M.R)	698.5	,,
		3,615.6	

Of the above total mileages of railways in Manchuria, the South Manchuria Railway constitutes only a little more than one-sixth. Those under categories a, b, and c, which have nothing whatever to do with Japanese capital are about three times the mileage of the S.M.R. Even when we give full credit to Japan for all lines under categories d, e, and f, the total mileage is still below that of the first three groups. Therefore, it is clear that the Japanese are by no means responsible for the economic development of Manchuria. But on the contrary, the Japanese have obstructed the development of Manchuria. When the Chinese began to take steps to construct railways, the Japanese always lodged protests, on the ground that they are parallel lines to the South Manchuria Railway. She based her objection on a secret agreement with China in 1905. But now it is proved that no such agreement nor understanding existed.

(4) What Are These "Special Rights?"

Japan always claims to have "special or treaty rights" in Manchuria. In the "Five Points" which the Japanese Government presented to the League of Nations, Japan demanded, aside from the mutual pledge of non-aggression, cessation of anti-Japanese activities, protection of the Japanese lives and property, also the "recognition of existing treaty rights including the question of Japanese land leases in Manchuria." Let us ask our Japanese friends "What Are their Special or treaty rights in Manchuria?" "What is meant by the existing agreement?"

Space does not permit us to discuss this subject more fully here. But one thing is clear, that is, what Japan claims to be the special or treaty rights are not those provided in the formal Sino-Japanese treaties, duly signed and ratified, but are those provided in the "Twenty-One-Demands." For example, in accordance with the Agreement, the lease of Port Author and Dairen to Japan expired on March 26, 1923—nine years ago! No Sino-Japanese treaty has ever provided for its extension, except the Twenty-one-Demands.

In view the fact that the Chinese have never recognized the validity of the Twenty-One-Demands, it may not be out of place here to point out some of the Chinese reasons for refusing to recognize the Twenty-one-Demands as valid.

In the first place, the said treaty was not duly ratified by the Chinese parliament in accordance with the Chinese constitutional requirements.

Secondly, at the time when the Twenty-one-Demands were presented to China, China did nothing wrong to Japan, so the said treaty was forced upon China not for the purpose of "redressing wrong." According to the general principles of international law, "agreements secured through the means of force or intimidation are valid if the force or intimidation has been used "for obtaining redress of wrongs." (See J. B Moore,—A Digest of International Law, Vol. V., p. 133. and Hill—International Law, 8th edition, pp. 381-2. and The Legal Status of 1915 Treaty by Dr. H. H. Sun in *The China Critic*, November 5, 1931). So from the point of view of the Chinese constitution and international law, the Twenty-one-Demands are not valid.

If the treaty itself is not valid, there would be no such treaty right; and it is no longer an existing agreement; and there could never be any violation by any party.

Manchuria NOT A Life-Line to Japan

From the above discussion, it is clear that the Japanese aggression in Manchuria is purely imperialistic and a wilful invasion of the territory of others, arising solely from the desires and ambitions of the unscrupulous militarists of the Island Empire to carry out their policy of conquest, or the so-called "Continental Policy," the allegation that Japan's struggle for Manchuria is because Japan is dependent upon Manchuria for subsistence is only an argument by no means true at all. She invaded Manchuria on September 18 1931 for two reasons:

First, Japan does not like to see China make any progress, in her internal development. She stopped the nationalist movement by an armed intervention in Tsinan in 1927. She lodged strong protests, and further killed Marshal Chang Tso-ling when Manchuria hoisted the Kuomintang flag. Now Japan thinks that it is the only time to take further action, so they decided to take more aggressive actions than before, fearing that if Japan failed to succeed this time, it would be too late for her to take any action when China is well developed enough to defend herself against the invasion.

Secondly, the "Five-Year-Industrial-Plan" in Russia is now on the way of completion. Japan fears that when Russia is well developed enough, there would be no more chance for Japan in Manchuria.

But Japan is mistaken. A strong China is really a blessing in the Far East, and what Japan should do now is to cultivate friendship with the Chinese. That is, she should adopt a policy of friendliness, but not a policy of aggressiveness. Due to the Japanese aggressive actions in China, the Chinese hate the Japanese from the bottom of their hearts.

Gen. Wu Pei-fu's Letter to the Mikado

General Wu Pei-fu, a veteran Chinese general, is said to have written a lengthy letter to the Japanese emperor in which Gen. Wu is said to have pointed out four points for the attention of the Japanese emperor. They are:

1. Japan claims that Manchuria is a Life-Line to Japan, and that without the supplies from Manchuria, the Island Empire could not exist. So now the Japanese occupy Manchuria. This is nothing short of killing China to feed Japan. To benefit oneself at the expense of others is to endanger his own existence.

2. Japan claims that Japan needs Manchuria to colonize her surplus population. This is analogous to the people in A's family robbing property and occupying the

(*Continued on page 101*)

Truth About the Northeastern Volunteers

By P. S. Yin

(China Voice, September 1)

THERE is no disputing the fact that the Northeastern Volunteers are creating a deep impression, though not a favorable one, among the Japanese military. For the latter are heard to say, "Our enemies who hide themselves among jungles and hills and maintain the defensive or offensive now here, then there and soon after somewhere else, are very difficult to attack or even to take precautionary measures against. Aeroplanes and cannons notwithstanding, we cannot effectively cope against them." And even General Honjo says disappointedly, "To root up our Northeastern enemies we have to maintain an army of one hundred thousand soldiers in Manchuria, and even then the task cannot be finished in three years." Therefore, when the Shanghai Armistice Agreement was signed, the 18th Division of the Japanese Army, numbering 24,000 men, having evacuated from Shanghai, was sent immediately into the territory of the Northeastern Provinces where a large military force was already stationed. Recently another Division, the 12th, also arrived as reinforcement at this place which the outside world has sedulously been led to believe is a region of peace and tranquility. There even runs the rumor to the effect that Japan will soon station their reservists in Manchuria. And Admiral Viscount Ogasawara is organizing now the Gokoku Gigu Dan (National Defense Volunteers' Band (which is to train young men to render services to the state, taking, of course, the Chinese Volunteers as their objective.

When Japan's anxiety and efforts are so much strained upon the Northeastern Volunteers, it is perhaps not out of place to give an account of these gallant bands—their origin, units, distribution and their tactics in carrying on the campaign, together with an estimation of their significance.

The Origin of the Volunteers

The Volunteers were at first organized along the Peiping-Liaoning railway and had emerged into the limelight when Marshal Chang's troops were withdrawing from the Chinchow city. During that time they fought a victorious battle against the Japanese intruders into the said city. The enthusiasm they displayed in that battle was but natural. For no longer had they any faith in the policy of non-resistance, nor confidence in the League of Nations. They had turned realist, courageously facing facts, no matter how stern and forbidding. Thus they were forced to the conclusion that the most realistic way would be fighting. Moreover, the capacity of the Japanese soldiers, ronins and Koreans in ruthlessly appropriating both public and private properties and the atrocities committed against the civilians had compelled the Volunteers to resort to desperate expedients. Therefore, both for the sake of National salvation and of self-protection the people of the Northeastern Provinces were rising up. And thenceforth they are looked up to as model volunteers—their number ever increasing and their strength ever growing. They have now grown to such proportions that Japan fears them more than she does Marshal Chang's or our national forces.

Since there was no unified organization nor were there any regulations, though their aspirations were simple and uniform, the names they adopted for their respective groups were quite different and confusing. They called themselves Militia, Volunteers, Anti-Japanese Corps, Self-protection Corps, Ta-Ta-Hwei (Big Sword Society), Hung-Chiang-Hwei (Red Spear Society), etc. Foreigners who do not possess adequate knowledge of them and Japanese who propagate with malicious intentions, however, lump them together with bandits, and thus call them so. As these Volunteers who have adopted these epithets belong to separate units, many must be led into the belief that the Volunteers must be composed of bandits, beggars and other undersiable characters. But this is not so. There are among them regular troops which had been under the command of Marshal Chang directly or indirectly. Most of General Ma Chan-shan's forces belong to this unit. There are policemen and militia, such as the combination under Teng Teh-mei, now occupying the district near Antung and Chwang-ho. There are common citizens who took up arms only when the Japanese had tried to wrest from them their guns which they kept for self-protection. Then there are bandits, who resent the Japanese invasion, such as Lao Pei-feng and Hsiang Tsing-shan, and who are admitted into the Volunteers' bands by their leaders. And some days ago 130 Chinese residents in Siam who had arrived in Shanghai were coming to the Northeast to offer their services for the recovery of our lost territory. Besides these, Chinese residents in Malaya, Philippines and East Indies are organizing a "Young Men Society," who will eventually come into Manchuria to take part in this patriotic campaign.

But who are the leaders of these Volunteers? What is the approximate number of the Volunteers? What are the areas they are now occupying? To answer these questions is not an easy task. The reports concerning their activities, especially about the number of the volunteers, are often different and difficult to get. The volunteers occupying the province of Heilungkiang are under the command of General Ma Chan-shan. He has still the remnants of ten brigades, numbering 120,000 soldiers, including 59,000 cavalry units. Another group of about 40,000 are under the command of Lee Ching-hai. Most of General Ma and Lee's forces are regular army. Besides these, there are 15,000 militia. These Heilungkiang forces occupy the whole province, except along the Chinese Eastern Railway, Hulun-Hailun Railway and Tsitsihar-Koshan Railway. The area occupied by them is computed at seventy percent of the whole province of Heilungkiang. Ting Chao and Li Tu are in command of Kirin Volunteers who number about 75,000 men. Most of these are regular army. There are Kung Chiang-hai, Feng Chan-hai and Wang Teh-lin, commanding 35,000 militia. These forces occupy the area from Tunghwa up to the northeastern part of the Sungari Basin. Some other units which number about several thousands are operating along the southern part of the Chinese Eastern Railway—from Harbin to Changchun. All these Kirin units occupy ten percent of the whole province. The Liaoning volunteers, though they took the initiative in launching the volunteer movement, have gathered strength only lately. In the eastern part of this province, fourteen districts are occupied by General Tang Chiu-wu. He has six thousand volunteer forces. But near Newchwang, Koupangtze and Chinchow there are more than 100,000 volunteers. In the southern part of the Liaoning province under the command of Teng Teh-mei, are 20,000 militia. The total strength of the Northeastern Volunteers is approximately 400,000. This number may seem rather exaggerated. But we should bear in mind that not all these are regular soldiers. They comprise militia, policemen and civilians also. If we compare this number with the whole population of the Northeastern Provinces, which is 30,000,000, we will understand that this is but a small proportion, as it represents only 0.13 percent of the whole population. Therefore, it is highly probable that the number of the volunteers will continue to increase.

Continued Guerrilla Warfare

These volunteers, though equipped with 1,400,000 rifles and other primitive arms, adopt very crude tactics. This is a continued guerrilla warfare. If they believe that they could drive the Japanese out of their homeland in a short time they would surely wage open war against Japan. But they know they are not in a position to do so. Therefore, they would avoid open clashes. When a greatly superior force is facing them, they would scatter away like sands among the adjacent regions, whom the Japanese could not find out. And they would only attack those Japanese troops which are vulnerable. There are in the Northeastern Provinces more than five thousand li of railways garrisoned by Japanese troops; but the

length is doubled by the fact that the volunteers would attack them on both sides of the tracks. Imagine what a vast battle-field is this! It is true that the Japanese troops enjoy greater facilities of communication, but they find it difficult and hazardous in coping with the tactics in which the Volunteers excel. In case the Japanese, irritated by these sporadic and elusive attacks, should send a large expeditionary force against the latter, they would be placed in a more unfavorable predicament. First, they are not familiar with the terrain of the Northeastern Provinces. It is a fact that the Japanese are equipped with elaborate military maps. But the knowledge gained from careful study of maps cannot be used effectively against the native Volunteers who are thoroughly acquainted with the topography of their homeland—the trenches where they can conceal and barricade themselves, the woods in which they may take shelter when routed, and the hills they could possess as strategic points for an offensive. Secondly, the Japanese could not obtain faithful guides. For very few Chinese would be guides to the Japanese army in murderous intent against their fellow countrymen. Those who would serve in such capacity under compulsion would often deceive them in one way or another. As a result, even though there are some traitors who would be willing to help them, experience has taught the Japanese to doubt the good faith of these guides. Thirdly, the Japanese army cannot make use of their modern weapons. The Volunteers are not organized as large and compact bands. These defenders of their soil are formed into groups comprising fifties or hundreds at the most. When they are scattered about as mobile units, cannons and bombing planes lose their effectiveness. With these advantages on the side of the Volunteers they are looked upon as cancer on Japan's Positive Policy. They may not be able to recover the Northeastern Provinces, but they can at least frustrate Japan's premeditated plan and postpone the realization of their Continental Policy. With the destruction of communication, peace and order in this region, and the hindrance attending the carrying out of the plan of reconstruction mapped out by Japan, she cannot hope for the consummation of her long-cherished dreams of a peaceful annexation of this Northeastern paradise.

Of course, the Volunteers will prove extremely costly to China. And it is even reasonable to say that this unorganized military campaign has hurt the Chinese more than the Japanese. But they bear great significance which more than compensates for the losses the Chinese suffer on account of their activities. First, they defeat the Japanese plan of large-scale emigration. Five months ago, Japan decided to induce 50,000 of her people to emigrate, as the first period of the experiment, into the Northeastern Provinces in order to solve the problem of her surplus population. She subsidized them with large sums of money and dangled before their eyes visions of the enormous riches in the Manchurian land of opportunity, otherwise known as the "new Paradise on earth." And it is said that near Shenyang, a new farm is allotted for these emigrants to cultivate, with houses provided for them. But have the Japanese carried out their plan successfully? Why, when the emigrants were already brought to Manchuria, they were transported home again? Was it not because the place was so honeycombed with Volunteers that their lives were always exposed to the mercy of such relentless and terrible bands? On June 3rd, a petition was presented to the Diet, requesting that a sum of $16,405,000 be appropriated to aid the Japanese farmers in migrating to Manchuria. Evidently the Japanese are still indulging in sweet dreams undisturbed by the nightmares of the Chinese Volunteers.

Japanese Trade Not Increased

Secondly, the Volunteers cast gloom over Japan's confident hope of increasing her trade and investments in Manchuria under Japanese domination. That this is true is borne out by the Japanese Ministry of Finance, which on July 17th issued Japan's trade returns for China for the first half of this year. Export trade to Manchuria and Mongolia totalled just over six and a half million yen, which was about the same as last year. Imports from Manchuria and Mongolia remained the same. Throughout Manchuria many Japanese shops, even those which had been established decades ago, have either closed down or are on the verge of bankruptcy. As for the investments, they are now as impossible as in times of war. Though the Tokyo financiers have decided to organize the Manchuria Development Company at Mukden, capitalized at 200,000,000 yen for the purpose of developing agriculture and commerce, nevertheless, their grandiose program is impossible of fulfilment. Tracing the causes of the Japanese trade paralysis we come, at last, to realize the destructive character of the Volunteers. If the Volunteers mean anything, they would bring destruction to peace and order. Therefore, as trade depends upon stability and security, the Volunteers are heavy cannons trained upon Japan's trade and capital investment in the Northeastern Provinces.

Thirdly, Japan could not make any "fait accompli" as long as the Volunteers are in her way. One of the most frequently advanced excuses for Japan's claim to uphold her special rights and privileges is the phrase, "fait accompli." During the period of the Sino-Japanese conflict, therefore, Japan would make as many "fait accompli" as possible. But any "fait accompli" implies concrete result in the field of constructive endeavor. Could she achieve anything, when even the past achievements have been brought to nought by the Volunteers? The Anshan Iron Works, of which the Japanese are justly proud, is being threatened by the Chinese Volunteer Corps. And the construction of the Kirin-Hweining Railway, which Japan would see finished in this summer, is seriously hindered by Wang Teh-lin, a leader of the Kirin Volunteers. Therefore, Japan cannot now make any new "fait accompli," and hence no additions of special rights and privileges in this her coveted land.

Fourthly, owing to the argumented strength and increasing activities of the Volunteers, Japan, aside from 22,400 soldiers who were stationed in Manchuria before the seizure of Mukden, has reinforced her military force with the 18th Division withdrawn from Shanghai, and regiments from the 12th, 2nd, 10th, 8th, 20th and the 19th divisions. The present strength of the Japanese forces in Manchuria is estimated at 100,000 which is about four full divisions. This would not mean much to Japan if her military expenditures for the maintenance of these men would not strain her finance. The truth is that the Japanese Treasury would have to defray 30,000,000 dollars monthly for them. When we consider how in practically all the prefectures of Japan farmers are living on the border-line of starvation and how their silk trade is fast languishing, we can then understand what a burden are these military expenditures necessary to maintain an army powerful enough to defend itself against the Chinese Volunteers.

These important factors—the frustration of Japan's plan of large-scale emigration, the stagnation of her trade, the difficulty of further acquiring privileges and the mounting and unbearable military expenditures—are the significance of the Northeastern Volunteers in regard to Japan.

Then the Volunteers bear significance in regard to the League and the other Powers of the world. Japan has propagated loudly that she has nothing to do with "Manchukuo" and that should Wilson be alive to-day, he would be greatly delighted to see another people set up a government on his principle of "self-determination." The League and the other Powers should specially take note of this crude piece of propaganda. If the people of Manchuria were really desirous of setting up an independent State, why should so many Volunteers rise up against the government based on popular consent? Are the Volunteers of different race from the people of the so-called Manchukuo? Are they different from each other in language, ancestry and aspirations? It seems foolish to ask such questions. Their absolute homogeneity is a fact which cannot be denied by any one, even Japan herself.

The Significance of the Volunteers

They say that the fundamental principle of the League is peace rather than justice. Then whether the establishment of "Manchukuo" is based on popular consent or not does not much matter to the League if only peace remains unbroken. In the Northeastern Provinces, however, peace and order would have been regained, had the Northeastern Volunteers been annihilated by the Japanese army. This is very unfortunate for the League, as in this case the League cannot get peace even at the expense of justice and at the sacrifice of national sovereignty. Here lies the significance of the Northeastern Volunteers in regard to the League.

In the present circumstances, China has but two ways to solve the Sino-Japanese dispute. If she is convinced that she could not afford to deal with Japan in a positive way, she may come to an agreement with Japan. But if she believe that she can get through with this desperate situation by a headlong duel with Japan, she has to declare war on her or send an expeditionary army

against "Manchukuo" which is one and the same thing. In either case the Volunteers are of great help. If an agreement is our national policy the Volunteers would serve as a check to Japan's insatiable demands. Thus the Volunteers are necessary to make possible an agreement less satisfactory to China. On the other hand, if our Government is determined to recover our lost territory by force, what a powerful auxiliary is this military unit to our national army! When our national force comes out from the Great Wall, the Volunteers would be harrassing Japan from all directions. What a tough task for Japan! Though the Volunteers may not be able to inflict on Japan a fatal wound, no one would belittle their service to China.

But granting that Japan, under pressure of the formidable opposition of the Volunteers, should consent to sign an agreement with us, the agreement cannot be easily reached. For Japan's lowest demands, should negotiation begin, will be the carrying out of the Twenty-one Demands or the recognition of the Five Fundamental Points laid down before the League Council by Yoshizawa. China could not afford to do so. And the alternative for China is a resort to war. War then is inevitable. If war is to begin between the two countries, Volunteers as we have mentioned above, are the most powerful force China can rely upon. We reiterate this in order to bring forth another fact about our Northeastern heroes. The Volunteers can be best made use of during the present season. Now the sorghum stalks and other vegetations in the Northeast are tall and dense enough to serve as places of concealment for the Volunteers. Inside the screens they could attack the Japanese forces unseen. And Japanese aeroplanes and cannons are of very little use. Therefore, China should seize this opportunity. For if it is allowed to slip by, her chance of success would be greatly lessened. Then let all patriotic Chinese citizens brace up and extend active assistance to our brethren who are already intensifying their warlike activities against our implacable foe outside the Great Wall!

IS MANCHURIA REALLY JAPAN'S LIFE-LINE?

(*Continued from page 98*)

houses of B, on the ground that A's family is overcrowded. This is certainly not permissible in law. There is another way to cope with the rapid growth of the Japanese population, that is, by birth control.

3. Japan claims that Japan got Manchuria through the sacrifice of blood and lives in the Russo-Japanese war. But Japan should know that the Japanese privilege is only limited to the South Manchuria Railway. It is analgous to a man (say, Mr. A) who in trying to save another man (say, Mr. B) has resorted to fighting against the third man (say, Mr. C) who is attacking Mr. B. But after the warfare is over, Mr. A also attached Mr. B. Then what is the difference between Mr. A and Mr. C. Are they not all robbers of the same kind?

4. Japan claims that to occupy Manchuria is to stop the spread of communism. But the Sino-Japanese conflict has given a better chance to the communists.

In conclusion, Gen. Wu pointed out to the Emperor that China and Japan are two brotherly countries of the same race and same language, and that it is important both should keep the peace. Gen. Wu said that he regarded this as the last advice from the Chinese before the breakdown of Sino-Japanese friendship.

Nanking, September 12 1932.

Trebitsch-Lincoln Leaves Far East---Will Organize Monastery in Europe

A recent telegram from Singapore announced that Ignatius Timotheus Trebitsch-Lincoln, now known as the Buddhist Monk Chao Kung, passed through that city on his way to Antwerp. The telegram stated that after six years of wandering in the East, Trebitsch-Lincoln is returning to Europe to found a Buddhist monastery in the Occidental world.

Chiang Kwang-nai Wants War with Japan

General Chiang Kwang-nai, ex-Commander of the 19th Route Army, who arrived in Shanghai from the south last week, was reported in Chinese newspapers to have declared himself in favor of a war with Japan.

"I shall never alter my determination to try to restore the lost territory and uphold China's territorial and administrative integrity," the general is quoted as having told the press.

Our Unbalanced Physical Education Program

BY EMILY LIN (林 蓮 芳)

CHINA has not, until recently, woke up to the realization of the importance of physical education to cope with the traditional educational thought which claimed that mental training was far more important than physical training, and it was necessary to sacrifice one's health and physical vigor in order to obtain an education. The study of physical education and its physiological foundation have been neglected by educational experts. China will not become a strong country until she has given proper recognition to the importance of physical education. She never will be on a par with western countries until all the physical directors live up to the ideals and aims of physical education.

The Stress Placed on Sports

The vital principle which we should strive for in physical education, as I wrote in previous article appearing in the *Review*, is the improvement of the individual man in structure and in function. It is not a runner, a jumper, a boxer, a ball player or a gymnast that we are trying to produce, but the highest type of a physically perfect man. But it seems that in our country today this vital principle is not being given its fullest recognition by the majority of the physical directors. What is given to the school children nowadays is an unbalanced program comprised of sports only and nothing else. As soon as they come to class the whistle is blown and games are under way. Another long whistle means the dismissal of the class, and the day's work is done. The thought of a well-balanced program comprised of gymnastics and dancing as well as sports never occurs to them. Team organizations, inter-school games, and the honor of victory seem to occupy their mind. Hence, sports is all that the children have for physical training at school to-day. The tendency to have this unbalanced program may be due to the lack of enthusiasm or perhaps to the ignorance on the part of the physical directors of the ideals of physical education.

Physical Defects

In childhood, the head tends to drop forward, the shoulders to round over and drop downward, the back to become flattened and compressed, the knees to flex, the arch of the foot to fall, etc. The only way that this downward tendency can be overcome is by the constant caution of muscular force. For example, if the muscles at the back of the neck are not well developed, the head will drop forward upon the chest; if those muscles running up the spine and the back of the legs are not properly developed, the body will drop forward. Hence, one of the most important tasks of the instructors of physical training, especially in elementary and secondary schools, is to give their pupils, through well-organised exercises, a proper balance and poise.

Suggestions for Improvement

In elementary schools very little attention has been paid, and provision made, for physical training activities. Many of the pupils come up to secondary schools with drooping heads, flat chests, projecting shoulders, unnatural curve of the spine, and other school bench deformities. All these must be attacked at once, if they are ever to be corrected. Physical defects are so common during the early teens, and they are so easily overcome at this time, that the whole school should be put through a daily systematic drill with a view to counteracting the evil effects due to the confinement and restrictions of school-room life. Swedish gymnastics, wands, dumb-bells and Indian club exercises, dancing or balancing steps and athletics are the best means to this end. Some of these exercises should be given daily in the form of drill in one or two ten, fifteen or thirty-minute periods. The ten or fifteen-minute drill in the schoolroom or school yard should be supplemented by well-regulated play and games at recess time. In secondary schools, some of the above exercises should be given at least three times a week, if not daily, in one forty-five or sixty minute period, with highly organized games at recess time. A physical education program will not be completed unless it is comprised of the above exercises, That is what I consider a well-balanced program. The physical defects will be corrected as soon as the physical directors put the well-balanced program into practice.

To help prevent physical defects some schools in America hold a "posture drive" once a year, and the result is marvellous, Such a thing is never heard of in China and would probably sound ridiculous to the Chinese people. Still, if the physical directors would only popularize the idea, there is no reason why it shoud not succeed. If the teachers of physical training in China would only imbibe a little enthusiasm for physical perfection for its own sake, and put a little of the spirit of helpfulness into their daily work, they need never despair of appreciation.

Peiping, September 8, 1932.

Was the Occupation of Mukden Premeditated?

(From The Review's Correspondent)

THE War Office building in Tokyo in the morning of August 4, 1931, represented a scene of unusual activity. Besides it being the second day of the divisional commanders' conference, the War Minister was expected to make known the attitude of the Ministry towards the burning issues of the day—the army retrenchment, disarmament conference, pension issue and Manchurian-Mongolian questions. A special significance was attached to this forthcoming utterance on the stand of the military towards the Cabinet's China policy. The contest, that had been going on between the military and civilian members of the Cabinet itself, now could not be held under ground. The temper of younger generals of the Ministry rose to the extent that the army leaders could no longer keep them silenced and had to define their stand in some way. Furthermore, the obdurate attitude of Shidehara and his following within the Cabinet went out of bounds of any forbearance, so the generals became convinced of the unavoidability of taking an independent course of action towards the momentous issues of Manchuria and Mongolia.

At private consultations with generals in and out of service, prior to the conference, it was found out that there could be no other way for the defense of the Empire rights in Manchuria unless by direct action undertaken by the War Office itself without the concurrence of the Government, the liberal policy of which could not be altered under any condition. The divisional commanders were to be enlightened on this attitude of the leaders of the army; their views on the general situation as well as on things obtaining in their respective districts were to be heard; the opportunity of the conference was to be utilized for arousing the nation's support of the army leaders.

General Minami's Speech

General Minami's speech was short but expressive. It began with a general allusion regarding the necessity of relieving the nation's burden, which should be carried out to such an extent as not to impair the nation's defense. He described the threatening attitude of the Chinese, trying to regain the lost State rights, drawing attention to the endangerment of the Japanese position in Manchuria; numerous incidents were cited, foremost of which was the Nakamura murder case. Reviewing these incidents the general reported the strained relations with the Foreign Ministry, the leaders of which were too conciliatory in solution of all pending issues with China. In conclusion he dwelt on the inevitability of taking an independent action by the War Office itself, imploring "the military people to be fully prepared to give service to their country."

And the general was correct, at least from the military standpoint. The liberal ministry of the Minseito was against any drastic course of action in defense of the Empire's rights in Manchuria. It went farther, namely, it was contemplating a general revision of the Empire's administrative system itself, which would in the long run curb the power of the military. The so-called Administration Commission of the ministry, composed of detestable civilians in swallow tails and silk hats, whose knowledge of the army and navy did not go beyond seeing them on parades, were bold enough to prepare—and still more insulting—to press on a plan, a mention of which could boil the blood of many a Samurai. The plan provided:—

(1) Abolition of the Grand Military Council, or the highest authority in the land, especially in times of national crisis, when the existence of the Empire is put on a balance. The civilians were of opinion that the Military Council had become superfluous, the State having sufficient military institutions to take care of any issue, however grave it might be. In that case the retired generals and field-marshals would have to yield their influence on State affairs indirectly, through private channels.

(2) Abolition of the Military Education Supervision Office, then held by General Muto, replacing it with a bureau in the War Office.

(3) Abolition of the Fortification Division, the maintenance of which the War Office considered imperative.

(4) Drastic reduction of war pensions.

The army leaders recalled, as well, the hard fight of ex-Premier Hamaguchi for the adoption of the London Naval Treaty, when the same question of the military authority was put on the tapis, resulting in the forced resignation of the Chief of the Naval Staff. Writing on the question, the *Osaka Mainichi* stated in an editorial August 22, 1931, that "the view expressed touches the core of the subject and is by far the most bold of its kind expressed by the party. It is at this point that nearly all the excellent suggestions made by civilians have met with pitiless treatment at the hands of zealous militarists in the past."

The proposed policy of the Cabinet in regard to the Manchurian-Mongolian issues was still more objectionable. It was learned that, with the appointment of Count Y. Uchida to the post of Governor of the S. M. R. Co., the so-called Shidehara policy was drafted as follows and had the hearty support of the new Governor:—

(1) That the S.M.R. should be considered as a medium for the Japanese cultural and economic penetration into Manchuria and Mongolia. Hence the nation should follow the principle of live and let live even at a sacrifice of some of the acquired privileges. However, an understanding should be reached with the Chinese Government that, in case of disorders breaking out in that domain, Japan be allowed, with the consent of the Chinese Government, to take "proper steps for preventing." If need be, a special neutral zone should be declared, beyond which Japan would not allow the disturbances to spread;

(2) that the special position of Japan in China's Three Eastern Provinces should not be construed in a way as to endanger the principle of the Open Door, that is to say, other Powers should have free entrance for investment in commercial and similar enterprises;

(3) that China and other Powers should be warned not to violate the already obtained Japanese rights and interests in Manchurian railways; however, no opposition is to be expressed if Chinese will build feeders to the already existing trunk lines. In that case "the profits from the railways should be halved between China and Japan." China should be persuaded not to interfere with the completion of the Kirin-Kwanei Railway, linking Kirin with the Sea of Japan on the Korean border.

Simultaneously the Government caused M. Shigemitsu, Charge d'Affairs at Nanking, to enter into negotiations with the Chinese Government on the abolition of extraterritoriality. Though the negotiations came to a rupture at the start, the minimum terms of the Cabinet were not satisfactory to the military. On the top of this came the demand of the Chinese Government, presented to the Japanese Charge d'Affairs at Nanking on July 23, 1921, to withdraw the Japanese troops from the S.M.R. area, the Nanking Government basing its contention on the alleged invalidity of the treaty allowing Japan to station her troops on Chinese soil. It was argued that the keeping of Japanese troops was conditional upon the stationing of the Russian soldiers in Manchuria. Since Russia now keeps no soldiers in Chinese territory Japan should—it was argued—withdraw hers, too.

Many Causes of Ill Feeling

And there were other causes for ill-feeling. First, the Government could not, despite many years of painstaking efforts, withdraw the Chinese objection to the leasing of land by Japanese subjects as provided by the Sino-Japanese Treaty of 1915 the so-called Twenty One Demands), the latest Chinese blunder in this connection being the Wangpaoshan Incident, in the wake of which the Mukden Governor again issued orders to prefectural authorities not to allow leasing the land by foreigners. Next comes the question of irritating double taxation of Japanese goods, that was carried on vigorously despite repeated Japanese protests. The Chinese went so far as to cordon the railway towns of the S.M.R. lines and arrest anybody carrying goods without the Chinese Customs exemption certificates. Another irritating question was connected with the Fushun coal, upon which the Chinese Customs imposed ordinary export duties in disregard of a special protocol concerning this trade, exempting, it was asserted the Fushun and Penchihu coals from Chinese export duties.

The "weak-kneed" policy of the Government did not stop on this, either; on the contrary, every succeeding incident with Chinese brought about "humiliating" settlement with subsequent loud cries of residents in Manchuria, direct parties to these incidents. One of these incidents that brought about many in its train, was the so-called violence on Japanese women returning by trucks

on May 31, 1931, from a picnic at the East Mausoleum, Mukden. It was reported that a truck, carrying Japanese women, and speeding along the street, collided with a ricsha. The driver, a Chosenese, did not comply with the traffic officer's demand to proceed to the police station but heaped indignities instead, which resulted in a scuffle. Weird reports were cabled to Japan about the incident; however, it was closed satisfactorily through the negotiations between the Chinese and Japanese authorities in Mukden.

Several troubles occurred in the meantime at Harbin, among which comes first in importance the refusal of the local Chinese authorities to accept Mr. Ohashi as Consul-General at Harbin on the ground that the Chinese side was not properly advised of this appointment. Diplomatic negotiations were needed to straighten out this irregularity—but it did not, however, mollify the ill-feeling between the Japanese and Chinese at Harbin. It is of interest to note in this connection that Mr. Ohashi was, in March, 1932, transferred from the Harbin Consulate to Changchun, where he now is vice-Foreign Minister. It was he who dealt with the Lytton Commission when it was at Changchun.

Space is too limited to enumerate all the Sino-Japanese troubles of last year. The Wangpaoshen Incident, which occupied public attention at the time of its occurrence, deserves a few words of explanation by way of a reminder. It took place in a village near Changchun where a colony of Koreans, Japanese subjects, leased Chinese land and proceeded to the planting of rice, for which purpose they dug out the irrigation canal from the nearby river. The matter might have been dropped somehow had not the canal been laid across the unleased lots, the owners of which, the Chinese paasants, rose enraged and filled up the canal with earth and obstructed otherwise the smooth progress of the work. To make a long story short, the Japanese sent down sixty armed policemen to protect the Koreans from the Chinese bomb and police. Happily, no human casualty was inflicted in a succeeding exchange of shots between the Chinese and Japanese policemen, but the incident was used by the Japanese diehards as a pretext for stirring up the public sentiment at home.

The Japanese Young Men's Association

We will not dwell on the outrages committed by Koreans on the Chinese residents of the Peninsula; suffice it to mention that a suspicion was aroused at the time against the authorities as they did not take measures to prevent or to stop these outrages, a suspicion, tantamount to implicating the authorities themselves as having engineered the whole affair. Some time before this there took place a noteworthy incident in which some people see, too, the directing hand of the military, namely, when the Japanese Young Men's Association and the Association of ex-Service Men, both with headquarters at Dairen, sent out, on July 13, 1931, a delegation to the capital with the express purpose of soliciting before the Government and the public "a drastic action" in Manchuria. In no time the delegation reached Tokyo and launched a vigorous campaign, visiting Ministries, public organizations, newspaper offices and imploring, wherever it went, to take a drastic step in Manchuria to save the Japanese position there.

While the Dairen delegation was canvassing from town to town, haranguing from public halls, movie houses and parks, the General Staff urgently recalled its military attache, Major-General Arima, from Moscow, ostensibly to hear his views on the military preparedness of Soviet Russia. As far back as on July 7, 1931, the War Office insisted at the Cabinet meeting on taking "a prompt action" in solving the problems of Manchuria and Mongolia, when Major-General Koiso, chief of the Military Affairs of the War Office, then present at the meeting, said that "the Chinese are trying to violate the rights of Japan, aiming at driving the Japanese influence from those regions" and that "prompt action is needed to safeguard our rights."

And now we come to the Nakamura murder case. This officer was sent by the Tokyo General Staff on a secret mission into Inner Mongolia and was, together with his companions, executed by Chinese regular soldiers on the charge of being a military spy. The murder took place on June 27. The officer and his party should have to return to Harbin on or about September 15 as it was intimated by the captain himself prior to his departure on the ill-fated expedition. Large quantities of heroin and cash in local currency were found among his possessions. According to the Chinese version of the incident the purpose of his errand was some secret negotiations with Mongolian rulers allegedly directed against Chinese interests.

Refraining from reciting the incident over again it is fitting to remark here that the incident was nearly settled by September 15 through negotiations between Consul-General Hayashi at Mukden and the Chinese authorities. At any rate, the *Osaka Mainichi* of September 15 carried the following report under the caption "Tokyo-Mukden Controversy May Be Amicably Settled in a Few Days."—

> "Consul-General Hayashi made it known to Generals Tsang and Yung that the case would be settled smoothly if the Mukden authorities admit the murder and comply with the Japanese demand for an apology, punishment of the responsible men, payment of damages, and a guarantee for the future, but that if they fail to satisfy Japan grave consequences are feared. In view of the yielding attitude of the Mukden authorities, it is new expected that the case will be settled satisfactorily very soon."

While this was being written, Col. Dohihara of the Kwantung Army, commanding the so-called special corps (secret service , was speeding to Tokyo. At a press interview given at Keijo, Korea, on September 8, he stated that "there was no hope for the diplomatic settlement of the case." Upon arriving at Tokyo on September 10, the colonel presented himself to the Chief of the General Staff, Gen Kanaya, and the War Minister, Gen. Minami. "Well informed quarters believe", writes the *Osaka Mainichi* for Sept, 12, 1931, "that Colonel Dohihara in his report explained minutely regarding the concrete plan for a measure to be taken against China which is being upheld by the leading men of the Kwantung Army (i.e. Lieut.-Gen. Honjo). If the settlement of the Captain Nakamura incident is delayed, the army will take what it characterizes to be 'a most effective and proper action'."

There was another actor in the drama, whose arrival was eargerly awaited by the Tokyo General Staff, and that was Major Shibayama, military adviser to Marshal Chang Hsue-liang. This officer returned from Peiping to Mukden on Sept. 11 where he saw Lieut.-Gen. Honjo, then staying in that city, and was believed to have conveyed the peaceful intentions of the Marshal. He left on the same day for Tokyo, where he arrived on the 14th, and made a report to the effect that "General Chang is inclined to settle the case speedily...however, his action yet remains to be seen." Next day, namely, Sept. 15, Tuesday, was a red-letter day in every respect, since on that day it was decided between the War Minister and the Chief of the General Staff to carry out the long cherished and worked out "drastic action."

Concentration at a "Certain Spot"

The talk between Generals Minami and Kanaya proved the correctness of the press report dated Sept. 10, that is five days prior to it, that "it is reliably learned that the War Office will decide on its final measure against China after minute talks with Major Shibayama and also Colonel Dohihara," both of them being then (on the 10th) on the way to Tokyo. Since the talk of a certain action was quite widespread it was forecasted by the *Osaka Mainichi* on Sept. 6 on good authority that "if no sincerity is shown by the Mukdenities,... orders will be issued to the Japanese garrisons in the Kwantung Leased Territory to concentrate in a certain spot as a demonstration. As a last resort, it is understood, the army leaders have suggested military action, in case the Chinese cannot be brought to terms."

It is of interest to ask in this connection,—Where was all this time Lieut.-Gen. Honjo, commander-in-chief of Kwantung Army? He was making an inspection trip along the S M.R.. visiting all the important centres, but mostly staying at Mukden The Japanese troops, stationed in that city, were now and then carrying out night sham fights in the streets of the Railway Town extending the fights into adjoining Chinese territory, so that once they even brought about a protest from the Chinese authorities.

From the foregoing it is clear that the September 18 Incident was well premeditated; it came as a most logical sequence of the friction between the military and civilian branches of the Japanese Government. I discredit any allusion that the Chinese regulars dared to bomb the S.M R. track on that frightful night; it was needed as an excuse for the sweeping occupation of all the important cities, carried out within the next 24 hours. There is another side to the question, namely, How was it that the Chinese authorities, especially, the North-Eastern authorities, did not foresee the impending Japanese coup? What were the Chinese staffs, attaches, numerous advisers doing? Well, this is, obviously, an idle question. In other countries all these persons would have been courtmartialled on the charges of "neglecting their duties."

Dairen, September 12, 1932.

Should War Break Out Between Soviet and Japan

(From The Review's Tokyo Correspondent)

(The following are translations from various Japanese publications)

It Isn't Time for Soviet-Japanese War

IN view of the situation both Soviet Russia and Japan should be discreet not to sow the seeds of antipathy that might lead to conflicts.

Japan is now confronted with her great mission in connection with the Manchurian problem. At this very moment she is duty bound to lay a solid foundation on which the healthy growth of the system of securing peace and order in Manchuria is to be guaranteed for the co-existence and co-progress of both countries. In this connection Japan should be bent upon elucidating to the Powers her firm stand to their complete satisfaction. This impending question necessitates Japan to stamp out any and all troublesome matters that surround her.

Geographically, Soviet Russia has a vital concern in Manchuria; naturally it must have tried its nerves in its frontier defences on the occasion of our giving a chase to Gen. Ma Chan-shan and on other similer occasions. Yet, the Soviet Government, trusting the responsible statement made by Japan, refrained from lodging a meddlesome protest. This magnanimous attitude on the part of Soviet should be well appreciated by Japan. The regrettable incident of the alleged attempt by Communist officials of C. E. R. to overturn our military train resulting in a loss of precious lives, must not be hastily judged as an instance of Soviet's Japan policy.

The fact that Soviet's Foreign Minister had an interview at Moscow with Japan's Foreign Minister Yoshizawa on his way home to Japan and proposed to conclude a non-encroachment treaty between their countries, and that Soviet's Ambassador approached Premier Inukai with a similar proposition, amply betrays Soviet's deep concerns over Manchurian question. Judging, however, from the fact that a similar treaty had already been concluded with six western and southern countries and that still another is under negotiation with neighbouring smaller countries, this non-aggression proposition must not be construed as prompted on the impulse of Manchurian question, but rather as a result of its wholehearted absorption in its Five Year Plan.

Such a self-restraint attitude of Soviet Russia will greatly contribute to eliminating the possibility of conflict between the two countries in connection with Japan's Manchurian policy, provided the right and interest of Soviet are taken into due consideration by Japan.

There are, however, not without important questions between Soviet and Manchukuo that threaten to grow into a conflict. This is all true, but as long as the fact that there is Japan at the back of Manchukuo is recognized by Soviet it is next to impossible to imagine Soviet's sudden change of foreign policy off the beaten track, for otherwise, an ultimate collision with Japan must be considered as inevitable. This unavoidable collision might prove a death-blow to her ten years' laborious work of construction. Consequently, a reckless adventure is least expected of the country still in the course of its great industrial undertakings.

When the stifling atomosphere of the League is taken into account, it is obviously inadvisable for Japan to invite enmity from Soviet and make an enemy of otherwise a friendly neighbour. Suppose, for instance the only route that connects Europe and Asia is cut off and left surrounded by enemies on all sides, Japan could never come out victorious. Once found in such straitened circumstances it would afford a unique chance to the White race to literally annihilate what they hate as the leader of the Yellow race and the head-spring of the yellow-peril flood.

With the object of providing itself with the means of self-sufficiency Japan must in future be devoted to promoting the natural resources of Manchuria; indeed, Manchuria is to Japan what the Five Year Plan is to Russia. It is not time for the two neighbouring countries to be on the lookout for a cause of conflict.—(Rear-Admiral Taneji Sosa—September number of the *Sekai-Kagaku*).

China's Attitude

If a war breaks out between Soviet and Japan their forces must be concentrated in North Manchuria and Siberian border judged from the advanced position of the Japanese army. Taking advantage of it China would embark upon recovering Manchuria perfectly back in her own hands. This likely action on the part of China is partly due to positive stand taken by Gens. Chiang Kai-shek and Chang Hsueh-liang in Manchuria in order to defend their own positions. Even if China succeeds in driving the Japanese influence out of Manchuria, what, if Russian power should flow in at its heels? Now, as regards the diplomatic relation between Russia and China, it is quite complicated. After the Sino-Japanese War China, by way of driving away the Japanese influence from Manchuria, freely introduced Russian power throughout the territory, only to see its unlooked-for growth of influence. As the result of the Russo-Japanese War, China had to meet two influences one in the South and the other in North Manchuria. To do this China tried to make use of American power. Since the outbreak of the Manchurian trouble, however, another change came into China's attitude toward Russia and Japan: by approaching the former it tried to curb the latter's influence.

Between China and Russia there also exist materials that may lead to their estrangement. One of them is the question of Outer Mongolia. Outer Mongolia has been placed under the influence of Soviet Russia, so that it now looks as if it were part of Soviet Union. It is a matter of course that China has been on the lookout for a chance of restoring the land, but relative weight of Manchuria and Mongolia studied from her own standpoint, discloses that, while Outer Mongolia is inhabited by an alien race, provided with poor means of communications and enjoys insignificant economic prospects, Manchuria is situated geographically unseparable from the main-land of China, its 30,000,000 inhabitants being all Chinese, its natural resources almost unfathomable.

A far more important question confronted by China in its relation with Russia, is the Communist movement. As everybody knows diplomatic relations between Soviet Russia and China have been in a state of severance for a few years in consequence of latter's wholesale drive to root-out the evil of Communism within its territory. Behind the scene of this anti-Communist campaign, it is said, there were Britain, America and other Powers pulling the wires. Hence the diplomatic relations between Russia and other Powers also demand deliberation.

Far from being annihilated the Communist party struck deep root among the farming communities resulting in the uprising of the agrarian Communist army. And in spite of the Kuomin Government's thorough-going means of subjugation the Communist army went on spreading roots until at present the greater part of the country is indelibly infested with it. The Communist army is roughly estimated 100,000 strong, and if provided with necessary arms, ammunition and war funds it would instantly swell out into an enormous force menacing the foundation of the Nanking Government and peace and order of the Yangtze Valley; in which case the Powers' capitalism would receive no small damage. The Nanking Government has good reason to hesitate restoring diplomatic relations with Russia.

Unless on condition that Russia would positively quit instigating the Communist army and China could entertain goodwill toward Russia there is little possibility of their shaking hands. Like China both America and Britain cherish a desire of putting restraint upon the influence of Japan and Russia in Manchuria. Should war break out between Russia and Japan, China, taking advantage of American policy of open-door and territorial integrity of China, would be sure to introduce American influence in order to re-establish her authority in Manchuria. Japan would then stand in a most disadvantageous position. All this indicates that the attitude of America has important bearing upon China's Japan policy.

Since, as already given, it is understood that a Russo-Japanese war would afford just an opportunity to China for regaining her power in Manchuria, she would never fail to make the most use of the event. Yet, it is unthinkable that she would resort to armed force, for it would end in waking a sleeping dog. She would ostensibly profess herself to be neutral while reserving herself the right of free movement. In the first place she would go to a thorough-going boycott of Japanese goods. Then in the second place she would start inciting the Volunteers to methodically stir up the rear of the battle front. Third, comes her secret manoeuvres of availing herself of the third party.

All these, however, are subjected to change in conformity to the development of China's internal affairs.

What attitude would China assume after the war has come to a close? This is by far the most important question. China would be wise enough to invite the influence of neutral Powers to hamper the authority of belligerent Powers. As it is obvious the neutral Powers might then sympathize with China in her proposed scheme, she would be placed in an advantageous position in carrying her scheme into practice. Thus, it is to her attitude after the war rather than to her movement during the war that greater weight is to be attached.—(Akira Nagano, President of the Chinese Affairs Research Institute—September number of the *Sekai-Kagaku*).

Powers' Attitude

Since her failure in the attack of Poland Soviet Russia, who stood up professing herself to be the world's revolutionist, had to revolutionize her own policy. She established a new economic policy, partly reinstated capitalistic system, and avoiding all allures of war decided to go hand in hand with the world's moderate socialists.

The Soviet's Five Year Plan aims at founding her Union on sounder basis. And it is no wonder that she is engrossed in bringing up the First and the Second Five Year Plans in perfect safty; until 1937 when both plans are scheduled to complete, Soviet Government will avert a danger of getting entangled in warfare.

Even after the completion of the Five Year Plans the thoughtful Russians would never throw her otherwise peaceful nation into the dogs of war by firing a signal gun to enforce revolution upon the world. This is all impossible unless so compelled from outside. Also, it is unlikely that Soviet Russia would conceive an idea of taking advantage of the present Sino-Japanese trouble in order to wage war against Japan. In the light of the foregoing argument there is little possibility of war between Soviet Russia and Japan.

What, then, is within the bounds of possibility of brewing the war? It would fall within the following three occasions.

1. If Soviet Russia dares to challenge both Japan and Manchukuo by means of Communist campaign.
2. If Soviet Russia, in case there is internal dissension in Manchukuo, gives positive assistance to the party which turned against Japan.
3. If Soviet Russia positively backs China in her endeavor to take back Manchukuo.

Soviet relation with China and Poland is so important that, in case of Japan-Soviet war, it would be quite easy for China and Poland to worsen it into another European War or a world war. Indeed, they would hold the fate of the world.

In May, 1920, Lenin, taking advantage of fatigue and disorder that had been reigning all over Europe after the Great War, declared war against Poland as a prelude to the world revolution. His debut, however, ended in utter failure and his scheme was completely frustrated. Ever since, Soviet Russia has entertained a deep grudge against Poland, waiting for a chance to have her revenge. Behind Poland the wire-puller is France who takes the lead of Czechoslovakia, Jugo-slavia and Roumania. Against them stand Germany, Austria, Italy, and a few others. This state of affairs threatens to create another European War should Poland become involved in the maelstrom of war.

China is the Balkan of the East in which Japan, Britain, America and Russia are vitally and complicately interested. And there is also possibility of the outbreak of a world war should China plunge herself in the vortex of the Japan-Soviet war.

The foregoing intricate relations of Poland and China with the other countries will provide an important material for the study of Powers' attitude in case of Japan-Soviet war.

It is an erroneous conception to conclude that, should Russia start Bolshevik campaign against a country, all the other nations of the world would unite in crusading against the invading army. The international relations of today are so tangled that each country is bound to decide her own destiny according to where she stands in the international relations. Whether she would stick to absolute neutrality, side with Russia, or sympathize with Japan, wholly depends upon her international relations. By the same reason it is quite obvious that the world would not stand united against Russia, even if she directs positive Bolshevik aggression toward Japan and Manchukuo. On the contrary, the Powers' attitudes could then be grouped into (1) profiting themselves by letting them exhaust themselves in the long-drawn warfare (2) making endeavors to put a restraint on the conqueror's inflated pride and influence (3) preventing the war from developing into another devastating Great War.

To cite an instance, Britain is not behind Japan in her efforts to check the flood of the Red campaign. If on this account she comes to Japan's help there is no knowing why Russia would not agitate India, Afghanistan, Persia and others into provoking a revolution. Suppose Britain sides with Russia, would Japan refrain from throwing obstacles in her trade with China? Britain would rather adopt the safest way of standing neutral while endeavoring to prevent Poland and China from being involved in the struggle on one hand and holding in check the conqueror on the other. How about France? She has never been on good terms with Russia. This does not mean, however, that she would help Poland against Russia, for she would then be applying the match to another mine of Europe. Undoubtedly she, too, would assume an attitude of neutrality and rein back Poland. Now about Russia and Italy. "Red" and "Black" are two extremities. Why, then, is it that their diplomatic relations are good in general? This is because their political interests seldom clash each other while economically they are rather closely related. It is not sensible interpretation, however, to think that this fact would constitute sufficient incentive for Italy to take up arms against Japan in the face of another devastating European War. As fellow-sufferers pity each other, Germany, who sustained serious wounds in the Great War, cannot but sympathize with Russia, her fellow-sufferer; so they are good friends. It is even said that certain responsible German politicians publicly declared their decision of recapturing from Poland the land she lost. The present conditions of Germany, however, would not warrant her shaking hands with Russia against Poland at least in the near future. Like Italy Germany would maintain neutrality though with sympathy toward Russia.—(Lieut. Commander Tota Ishimaru— September number of the Sekai-Kagaku.)

Japan-Soviet War and White Russians

The White Russians are all anti-Communistic but all of them are not Imperialists. Among them there are even socialists. Naturally, the attitude they might take in case of a Japan-Soviet war would be divided according to their own principles. There might be those who assume anti-Japanese attitude, being dissatisfied with the territorial ambition entertained by Japan, or those who wish to save Russia from the hands of Bolsheviks through Japan's assistance. Japan must willy-nilly check the advance of the Red in North Manchuria, while most of the White Russians are destined to continue their attack against the Red.—(Prof. Chuzo Yoshimura—*Sekai-Kagaku*).

Occupation of Great Khingan Ranges Decides the Day

Among staff-officers of Russia and Japan it is generally believed that the Great Khingan Mts. would turn the seat of their battle centre.

The 18th Army Corps of Chita is duty bound to reach the Mountain quickly upon declaration of war.

The Great Khingan Mts. start from the south of the Amur and stretch as far south as Honan and Hupei districts bordering the west of Heilung-Kian, crossing the plain of Inner Mongolia. The highest peak, however, reaching barely 2,000 metres, the whole ranges are as it were a long stretch of elevated hills and plateaus.

In the event of occupation of the Mountain by the Red army holding there a strong position, the Japanese troops would find themselves in an extremely disadvantageous position; an enormous sacrifice must be paid to attack the Red army pitching a strong camp in the Mountain. To launch an attack from the plain against an enemy taking up an advantageous position in the mountain, is an outstanding case of hard fighting even for the undaunted Japanese troops. A most handy example of how it is hard to attack the enemy holding its position, is an engagement at Shanghai. What further handicaps the assailing troops are the thick forests of larches and fir-trees; this is another reason for the possible hard fight Japan would experience in attacking the Red army occupying an elevated position in the Range.

Moreover, the Russian army, which holds a strong position, would attract the main force of the enemy toward the east foot of the Mountain, and in consequence would successfully meet the enemy's reduced attack in the direction of Vladivostok and Blagoveshchensk. Here the Red's strategic program of attacking the enemy on three sides could be carried into effect without a hitch.

Upon declaration of war the commander of the 18th Army Corps should advance his troops to the Khingan Mts. with lightning speed. Should he fail to do this, the tide would turn diametrrically. If the Japanese army occupied the advantageous position before its enemy troops did so, the advance into Manchuria of the Russian army should be regarded as hopeless.

If it so happened that both forces started action at the same time one from its base at Tsitsihar the other from Manchuria, they would arrive at the skirts of the Mts. also at about the same time. A fierce battle would then ensue. In this case the Reds being deprived of geographical predominance, could not but fight in the mountain warfare on equalized conditions. The idea would be unbearable to the Red army, because the Japanese soldiers are fully well trained in the mountain warfare whereas those of Russia, especially the 18th Army Corps, have been almost exclusively drilled in the level land warfare.

If, indeed, a war with Japan is inevitable, the Russian army must by all means enter Manchuria, and to do so, they must willy-nilly pay any price to take possession of the battle line of the Great Khingan Mts.—(Shinsaku Hirata—September number of the *Bungei-Shunju.*)

Tokyo, September 12, 1932.

General Nobuyoshi Muto, Plenipotentiary Extraordinary

(*From Review's Tokyo Correspondent*)

General Muto has practically no special feature which provides the critic with the sauce of comments. As a critic the attempt of impressively analyzing a man of no characteristic will in most cases end in failure; hence no comments upon the General in leading papers and magazines until today

Nevertheless, he almost monopolizes public attention just at present in view of his important duty in the capacity of Governor-General of Manchuria. Side by side with ex-Army Minister Gen. Minami, his influence in Armydom is far from negligible. As compared with Gen. Ugaki, Governor-General of Chosen, Gen. Muto's role as Plenipotentiary Extraordinary to Manchuria, which is over two times as large as Japan, shines brighter and carries a greater weight.

He is a man of strict morals and of few words. To everybody he gives the impression of courteousness and sincerity, betraying no feelings. Besides being taciturn and courteous he is a man of resources, and being industrious by nature he treats things with soberness. Naturally he has good knowledge of things and correct views on them.

Officers may be roughly divided into two kinds—those coming under the category of politician type and those under strategist type; while Gens. Tanaka and Ugaki belong to the former, Gens. Ohyama, Uehara and Muto represent the latter type. Rather than being a central figure of brilliant reputation and popular favor he is a model soldier. He speaks less but acts much and is respected as a man of his word.

One more outstanding merit of the General is the fact that he is a rare authority on Russia in Army circles. Gen. Araki is his junior as far as his knowledge of Russia is concerned. Generally speaking, to be an authority on Russia is now regarded as an essential qualification for all leaders in the Army; hence Gen. Muto's appointment to the important position is not without reason.

Being a man of rare prudence and reticence, it may be that he depends upon others for the execution of his duty rather than doing it himself. But the people place much confidence upon him all the same. (Yuasa—Jitsugyo-op-Nippon).

Mails to Sinkiang Via Vladivostok

A new mail route between Sinkiang province and the China coast is being tried out by the Postal authorities. Although the Chinese Eastern Railway is now under the control of the Japanese, traffic is still open on the trans-Siberian Railway and the section between Habarovsk and Vladivostok north and east of Heilungkiung. Mails from Sinkiang destined for the coast will be despatched via Siberia and Vladivostok to Shanghai. It is understood that instructions have already been sent to the Sinkiang Postal authorities to utilize this new route.

America Will Deliver Mail with Manchukuo Stamps

U. S. postal authorities told the *United Press* in Washington August 27 that during the present period of uncertainty concerning the international status of Manchukuo, the United States would regard mail bearing Manchukuo stamps as on the same basis as Soviet Russian mail—similarly originating in a country without American diplomatic recognition. A consultation with other members of the International Postal Union is expected to take place soon, before any final decision is achieved.

Meanwhile, the postal authorities in Washington said that all articles received there from Manchukuo would be delivered, without officially recognising the stamps, and similarly articles dispatched to Manchukuo would be handled as previously.

Chinese Postal Administration Refuses to Deal with Manchukuo

In contradistinction to American action the Chinese postal officials emphatically refuse to handle mails destined for Manchukuo, or mails passing through Manchuria, and deny that such action constitutes a breach of the International Postal Union agreement to which China is a signatory and of which she is also a member. The "state of war" existing in Manchukuo at the present time, it was stated, gave China the right to refuse to dispatch mails to a section of the country which was in a state of rebellion and which had set up an independent government which had not been recognized by the Powers. The Chinese Postal Administration not only refuses to dispatch mails to Manchukuo, but also taxes all mail matter received from Manchukuo.

Japanese Allegedly Open Post Offices in Four Chinese Cities

A recent Nanking telegram stated that the Chinese Foreign Office had received a communication from the Japanese authorities in reply to the Chinese protest concerning the establishment of Japanese postal offices at Tsingtao, Shanghai, Peking and Tientsin. The Japanese reply stated that the maintenance of such measures is necessary in view of the postal boycott against Manchuria.

French Policy in Far East Discussed by Nanking Official Organ

In a leading article the *Central Daily News*, official organ of the government, in a recent issue of discussed French policy in the Far East and more particularly her position as regards the present Manchurian crisis. The paper states that France, with less commercial interests in China than either Britain or the United States, has usually adopted an attitude of aloofness and watchful waiting in Sino-Japanese affairs but in the present case she appears to display no less interest and anxiety than Britain and America. The change in French attitude the journal declared to be not the least surprising in view of the following reasons:

1.—Since the conclusion of the Great War Europe has been unable to remain unaffected by war like disturbances in the Far East and France, whose foreign policy lays great emphasis on "security," has every reason to be anxious over a threatened rupture of world peace.

2—As a nation receiving the greatest benefits from the existence of the League of Nations France undoubtedly will find that it lies in her interest to maintain the authority and prestige of the League which, to put it mildly, yet remains to be vindicated in the Far East.

3--France is a signatory to the Nine-Power Treaty and the Peace Pact and thus undertakes certain obligations called in question by Japan's activities in Manchuria.

The newspaper expresses confidence that despite the wide variations of French comment on the Sino-Japanese dispute the sympathy of enlightened Frenchmen ultimately will be with China.

French Admiral Received by Japanese Emperor

Vice-Admiral Berthelot, Commander-in-Chief of the French Eastern Fleet, accompanied by two staff officers and the French Charge d'Affairs in Tokyo, proceeded to the Imperial Palace at Tokyo September 5 where he was received in audience by the Japanese Emperor. Prince Fushimi, Chief of the Naval General Staff, was the host at a luncheon party given at the Kasumigaseki Detached Palace in honor of Admiral Berthelot and some 20 officers. Admiral Okada, Minister of Navy, and many high naval officers were present at the function.

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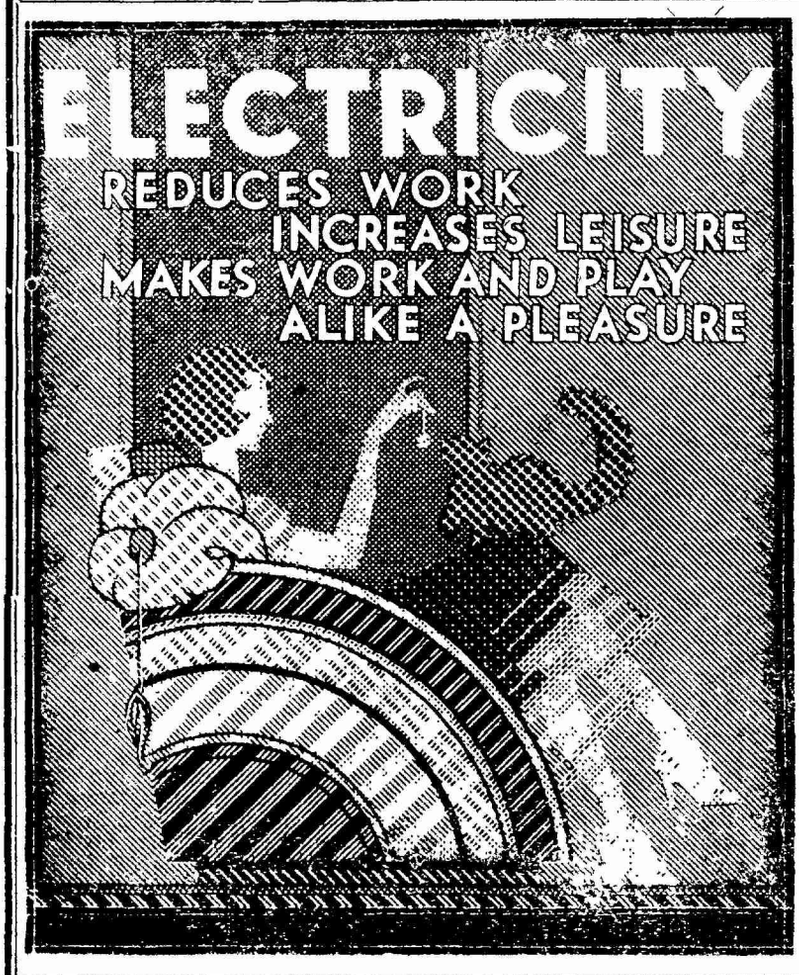

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The Anti-Japanese Boycott and Its Effect Upon Foreign Trade and Domestic Industry

BY PAUL K. WHANG (汪仲芳)

TOMORROW, September 18, the Chinese all over the world will mournfully observe the first anniversary of the "blackest day" in China's history, because on that day last year, the Japanese militarists launched unexpected attacks on Mukden and other strategic cities in Manchuria, leading subsequently to the occupation of China's Three Eastern provinces and the establishment of the so-called Manchukuo. These "local incidents," as termed by the Japanese, were not confined to Manchuria, but also extended to North China last winter and Central China this spring and created a reign of terror in China Proper which we find no parallel for in Chinese history.

In face of the Japanese aggressions, the Chinese people have chosen the economic weapon to defend themselves. Since China is the best customer of Japanese goods, it is the consensus of opinion among the Chinese people that while we can not fight with the Japanese on the battlefield, we can at least defeat them in the economic field, if we can only stick to our economic gun persistently. This conviction has led to the organization of a vigorous boycott movement, the extensiveness and intenseness of which we find no parallel for in Chinese history.

To make a complete survey of the boycott situation, we have to go as far back as July, 1931, when the rift in the Sino-Japanese relations already came to the surface because of the Wanpaoshan incident which occurred near Changchun, Manchuria, on July 2, 1931, and the subsquent massacre of Chinese in Korea. Such bloody affairs so exacerbated the feeling of the Chinese people, that cries of boycotting the Japanese goods were echoed and re-echoed throughout the country. But the organized boycott movement was not born until September 18. Since that ever-memorable day, the anti-Japanese feeling has been aroused to such a high pitch that the people, rich and poor, have collectively lent their weight to the maintenance of an effective boycott against Japanese goods. Numerous patriotic socities have been formed to supervise and enforce the movement. Members of trade associations have resolved to sever economic relations with the Japanese, while the retailers have promised to seal up the Japanese goods in their stores.

This nation-wide boycott movement has already had its telling effect upon the 1931 Sino-Japanese trade. For the first time in many decades, Japan not only lost her premier position to the U. S., but also gave much ground to Great Britain in so far as China's imports are concerned. In comparing with their respective figures of 1930, Japan's loss amounted to Hk. $26,494,000, while the U. S. and Great Britain gained Hk. $89,688,000 and Hk. $16,835,000 respectively. The following figures covering the last four years will give us some idea as to the effect of the boycott movement upon Sino-foreign trade relations.

IMPORTS

	1928 Hk. $	1929 Hk. $
Japan (Including Formosa)	315,960,000	319,075,000
U. S. A. (Including Hawaii)	204,575,000	230,109,000
British Empire (Excluding India & Hongkong)	113,125,000	118,657,000
	1930 Hk. $	1931 Hk. $
Japan (Including Formosa)	323,303,000	296,809,000
U. S. A. (Including Hawaii)	231,653,000	321,341,000
British Empire (Excluding India & Hongkong)	107,118,000	123,953,000

It will be of still more interest to study the figures of imports month by month since last September of these three countries. The followings are based on the Custom Reports.

	Japan		U. S. A.		British Empire	
	Hk. $	%	Hk. $	%	Hk. $	%
September 1931	9,128,540	14.44	17,402,409	27.54	6,662,826	11.72
October ,,	19,911,680	19.14	27,926,082	26.84	11,767,800	12.57
November ,,	12,153,221	10.80	32,415,613	28.82	10,200,387	9.06
December ,,	12,395,106	9.86	49,278,349	39.22	10,762,146	8.56
January 1932	8,997,000	8.68	38,556,000	37.21	9,188,000	8.87
February ,,	17,887,000	10.78	57,967,000	34.85	15,104,000	9.09
March ,,	31,386,000	11.92	82,448,000	31.31	26,117,000	9.93
April ,,	51,941,000	13.14	107,937,000	27.49	40,610,000	10.29
May ,,	19,483,302	15.99	31,659,288	25.96	13,373,025	10.97
June ,,	18,958,192	18.94	23,141,417	23.12	11,407,775	11.39

From the above figures, we can readily see that the Japanese imports have never risen above 20% of the total imports, and that their lowest watermarks were reached at the end of last year and the beginning of this year, when the figures were reduced to less than 10%. It may be recalled that during that period the Anti-Japanese and National salavation Association was at the height of its activity everywhere in China: Picketing groups were organized to seize the Japanese goods and heavy punishments were meted out to the "traitorous" merchants. The activities of the Shanghai Association drew so much fire from the Japanese people, that they, through their Consul-General, demanded its closure in his infamous ultimatum to the mayor of Greater Shanghai prior to the outbreak of Sino-Japanese hostilities in Shanghai at the end of January.

Since the suspension of the Anti-Japanese and National Salvation Association on the eve of Shanghai "war" and Japanese invasion of Shanghai, the movement lapsed into lethargy for a few months. In the meantime, the percentage of Japanese imports rose from 10.78 in February to 18.94 in June. These figures, however, do not disclose the exact situation, because it is an open secret that a large quantity of Japanese goods has been first sent to foreign ports to be repacked and then shipped to China under the caption "Made in U. S. A." or "Made in England." Thus taking all in all, the actual imports of Japanese goods must amount to a larger sum than the above figures.

By no stretch of imagination can this steady increase in the import of Japanese goods be interpreted as that the Chinese have already relaxed in their boycott movement, when the wound is too deep to be healed by merely the lapse of time. On the contrary, the anti-Japanese feeling among the Chinese people is still as strong as ever, if not stronger, and no one who can read will defy his conscience to pay for a small article marked with "Made in Japan." As a matter of fact, even the poor people, whose illiteracy has prevented them from identifying the origin of goods, will ascertain, from the retailers that their purchases are not imported from the Island Empire.

Temptation to the Merchants

But the sad aspect of the situation, it must be admitted, is that many of the Chinese wholesale merchants who have placed personal interests above everything else have become more and more artful in their methods of counterfeiting trade marks on the Japanese goods with Chinese and inventing fictitious Chinese firms as being the manufacturers of the products for the purpose of hoodwinking the buying public and merchants in the interior.

The temptation is so overhwelming that only the genuine patriotic merchants can resist it. The unprecedented collapse of the Japanese yen from 162 ($100) in December, 1931, to 75 at present has given the Japanese goods added advantage to compete with the high-priced American and British products in the China market where the quality of goods has not as much appealing power as their prices. Moreover, we have been told that the Japanese manufacturers have offered attractive terms to Chinese merchants as an inducement to buy the Japanese goods. When profit is substantial, it is only natural that many of our merchants can not be expected to resist that temptation which appeals to their psychology more eloquently than cries of patriotism.

But Japan can not expect to shake our hands on the one hand and slap our face on the other. Business goes with friendship. The lure of the dollar may bribe the conscience of some of our merchants, but no force will be strong enough to change the will of our buying public. The withdrawal of Japanese troops from Shanghai can by no means recover China's friendship, when Manchuria is still under the heels of Japanese soldiers and the vestige of destruction in Chapei and elsewhere has not yet been removed. Though the open agitation has been temporarily kept in aneyance since the liquidation of the Shanghai affair, the anti-Japanese sentiment has been still predominant over the Chinese people and awaited an opportunity to manifest itself more strongly than ever.

The Japanese move in Jehol has once again stirred up the patriotic fire of the Chinese people and led to the re-invigoration of the boycott movement. Many secret societies have sprung up, since June the best known of which is the Bloody Group for the Extermination of Traitors. Instead of resorting to seizure of Japanese goods as practised before, they have sent to Chinese merchants dealing in Japanese goods letters of intimidation, often accompanied by bullets and hand grenades and with the warning, "Failure to heed this written notice

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The Shanghai-Hangchow-Ningpo Line runs southwestward from Shanghai through a tract of beautiful places. At Lunghwa one will see the famous Pagoda with a long history attached to it; at Sungkiang, the observatory of the French Fathers at the summit of Sha Shan and the grave of General Frederick Ward; at Kashing, the South Lake and the Three Pagodas situated about two miles from the station; and at Hangchow, the present terminus of the Line from Shanghai, the renowned West Lake which called forth highest praise from Marco Polo, with such picturesque surroundings that it has been well called the "Switzerland of China." Tourists! A visit to Hangchow by the comfortable trains of this Line will give you the utmost satisfaction of travel and untold pleasure of sight-seeing.

For further information apply to the Traffic Manager of the two Lines at Shanghai North Station.

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will be punished by bombing." In order to show they really mean what they say, during the past few weeks bombs have been actually thrown into several shops which are known as dealers in Japanese goods, exploding with more or less damage. These secret societies have now established branches in all the big cities in China and that their activities will react greatly upon Japanese trade is a foregone conclusion.

To base our discussions on the Customs figures alone without considering the marketability of the Japanese goods in China can not yet disclose the whole situation. According to a recent report given out by the Japanese Commercial Attache appearing in the *Shun Pao*, a leading Chinese daily, on September 4, we find that the unsold Japanese goods now stored in various godowns at Shanghai alone have been valued at more than $50,000,000. The following are the itemized figures of unsold Japanese goods.

Name of Article	*Value or Quantity*
Cotton piece goods	$ 5,700,000
Cotton	750,000 piculs
Sugar	500,000 piculs
Metal and mineral products	10,300,000
Paper	6,840,000
Machinery	11,000,000
Wood	1,800,000
Sea products	700,000
Cereals	250,000 piculs
Kerosene	100,000 boxes
Gasoline	70,000 boxes
Coal	500,000 tons
Artificial silk	280,000
Woollen goods	3,000,000
Medicines	860,000
Dyestuff	200,000

What is true of Shanghai must be also true to a certain extent of many other ports, although it must be acknowledged that the boycott movement in North and South China has never been as strong as in Central China. Thus putting two and two together, the value of the unsold Japanese goods in China at the prest time must aggregate a startling figure.

The effect of the boycott movement upon our domestic industry, if there is any, is very negligible. With our industrial development held up by natural and man-made calamities, we have long subsisted on foreign products. Japan has habitually taken our raw material and given us their manufactured goods. Through this process of transformation, she has enriched herself and become powerful enough to wrest Manchuria from us without any fear of being convicted before the international tribunal. Now if patriotism calls us to forego Japanese goods, we have no alternative but to seek some substitutes from other countries, because we can not yet produce them ourselves, or if we can produce, their quantity may be not big enough to supply our needs, or their quality is not comparable to that of foreign imports. Look at the list of chief Japanese imports, such as cotton piece goods, sugar, paper, and artificial silk, and we will find that none of which can be produced by us.

Take cotton piece goods for instance. We have to buy either from Great Britain or from Japan. It is true that we have our own cotton piece goods, but their demand is limited to the country people. What is generally worn by the public is of foreign make. Because of the present boycott movement, Great Britain has gained what Japan has lost. The following figures will show the relative position of these two countries since September, 1931.

		Japan	*Great Britain*
September	1931	Hk. ₮3,483,340	Hk. ₮ 811,754
October	„	5,317,558	1,025,752
November	„	1,655,845	1,361,119
December	„	1,926,358	1,587,602
January	1932	1,685,156	1,625,150
February	„	2,348,586	753,645
March	„	4,359,621	2,772,613
April	„	5,626,999	4,596,723
May	„	4,156,416	2,123,831
June	„	4,127,412	2,122,872

In the case of sugar, our native products are too crude for table use. So far we have not one single sugar refinery, although attempts were made to open up one in Woosung about a decade ago. What we use now is nearly all imported from foreign countries. The following figures will tell us the effect of the boycott upon the Japanese sugar.

		Japan	*Netherlands India*
September	1931	Hk. ₮ 120,045	Hk. ₮1,062,506
October	„	1,216,717	3,703,259
November	„	445,126	4,481,374
December	„	471,426	7,237,594
January	1932	612,058	2,256,679
February	„	1,023,606	758,076
March	„	980,395	2,452,596
April	„	1,760,240	6,029,363
May	„	1,147,081	2,153,543
June	„	471,655	202,115

Likewise, with the introduction of foreign paper to our country, the native products have been gradually pushed to the background. Here again we have not a modern paper mill to cater to the growing demand of foreign-style paper. When we can not produce, we have to buy from foreign countries, chiefly from Japan. The boycott has to a certain extent boosted up the American and German imports.

		Japan	*Germany*	*U. S.*
Sept.	1931	Hk. ₮ 706,766	Hk. ₮ 492,866	Hk. ₮ 245,964
Oct.	„	1,256,045	470,217	241,146
Nov.	„	1,004,527	595,022	312,806
Dec.	„	423,455	530,748	603,290
Jan.	1932	500,193	669,132	625,879
Feb.	„	314,511	211,845	320,694
March	„	541,798	723,600	309,626
April	„	761,688	608,544	402,591
May	„	796,051	448,137	289,837
June	„	782,443	567,583	451,560

Artificial silk is another imported article which we can not lose sight of. China has more than enough real silk at her disposal, but can not produce any by artificial means. Its cheapness in price has attracted the silk mill operators everywhere to substitute it for real silk. It is not a little ironical that a large and old silk-producing country should spend an enormous amount of money every year to buy artificial silk from foreign countries. Japan has also suffered in consequence of the boycott.

		Japan	*Italy*	*Germany*
Sept.	1931	Hk. ₮ 57,019	Hk. ₮ 1,294,971	Hk. ₮ 194,979
Oct.	„	71,856	1,157,914	127,315
Nov.	„	33,707	1,659,555	208,076
Dec.	„	712	522,047	143,306
Jan.	1932	121,564	237,438	53,156
Feb.	„	136,781	26,735	17,925
March	„	222,801	387,693	249,339
April	„	412,591	262,347	232,796
May	„	666,423	2,928,206	819,564
June	„	468,546	357,946	133,722

To confine our discussions to those industries which China has not, without in the meantime directing our attention to those industries which China has, does not reveal both sides of the picture. Therefore let us turn our attention to China's cotton and shipping industries and ascertain whether they have benefitted in the absence of Japanese competition.

In face of the business slump resulting from the anti-Japanese movement, many Japanese cotton mills in Shanghai have been either partially or wholly suspended, and those which have been in operation have very much curtailed their production. During the Sino-Japanese hostilities at Shanghai, all the local Japanese cotton mills were closed down. Under such circumstances, the price of Chinese cotton yarns should be higher than usual. But contrary to our expectation, the prices ruling on the Cotton Goods Exchange since last September do not show much difference from those of the corresponding period of the previous year. The following are the average prices ruling on the Chinese Cotton Goods Exchange from January, 1930 to June, 1932.

Cotton Yarns 16's "Man and Bell" Standard
(10's and 20's substitute)

	1930	1931	1932
January	162.09	153.41	154.46
February	155.65	169.24	No Market
March	152.84	168.93	„
April	152.75	164.38	„
May	154.00	159.15	154.72
June	157.37	163.08	144.86
July	156.28	162.12	
August	156.92	155.00	
September	151.55	156.96	
October	150.10	161.63	
November	146.91	154.54	
December	143.47	153.64	

In explaining the reason why the Chinese cotton yarn price has remained at a standstill, it must be remembered

that the demands for Chinese cotton yarns are principally coming from the inland provinces. In the wake of the disastrous flood last summer, which inundated parts of sixteen provinces, coupled with the increasing activities of Red-banditry in Kiangsi, Hunan and Fukien, the flood and bandit-stricken people have been left in a destitute condition and had not even the means to keep their life and soul together. The commercial and industrial activities in flooded and bandit-infested areas have been dislocated and brought to a complete halt. As a result, the demand for cotton yarns has fallen off drastically. With the dropping of the demand for cotton yarns, their prices can not be expected to be boosted up by the absence of the Japanese competition. Thus, strictly speaking, the boycott movement has not contributed anything good to the development of China's cotton industry.

What is true of the cotton industry is also true of the shipping industry. With the closing down of the local Japanese shipping firms as a result of the boycott movement, the Chinese shipping firms should be in a position to take over the volume of business which was formerly carried by the ships under the Japanese flag—so much so that China can gain some ground in the field of shipping. But political and economic conditions were both unfavorable to shipping industry. It must be recalled that most of the ships of Chinese-owned shipping companies were commandeered for military service in the early summer last year, when the Nanking government waged war against the communists in Kiangsi and made war preparations against the Canton secessionists, and these ships thus commandeered were not returned to the ship owners until last November.

When the returned ships, after being reconditioned, were ready to be put into regular service, Shanghai war broke out. For more than one month, Chinese shipping service was completely suspended, and the loss to the Chinese ship-owners was inestimable. After the liquidation of the Shanghai episode, the ship-owners were again called upon to surrender their ships for military use, because the government was preparing another campaign against the Red-banditry. Under such conditions, we can easily surmise what benefit Chinese shipping companies can derive from the boycott movement.

Economically, the Yangtsze flood and the Red activities in Kiangsi and Hunan strangulated the shipping trade along the Yangtsze line, the most busy thoroughfare in normal times. The Manchurian embroglio and Tientsin disturbance stifled the movement of cargoes between North and Central China. When business was at a standstill everywhere in China Proper, the shipping service became no longer indispensable to the commercial world. In order to illustrate my statements, I produce below the monthly freight receipts of a big Chinese-owned shipping company (in taels).

	1930	1931	1932
January		250,738.40	187,771.22
February		224,860.05	49,902.14
March		323,628.37	199,872.64
April		348,212.40	417,222.80
May		374,970.01	327,014.13
June		554,880.19	187,255.54
July	271,459.74	233,203.63	
August	204,930.63	328,234.56	
September	235,460.05	315,930.92	
October	357,109.85	317,284.86	
November	380,670.39	401,077.76	
December	763,569.95	479,285.71	

In conclusion, it must be said that the boycott weapon has been wielded very effectively this time by the Chinese people, not because there has been an organized movement, but because of the presence of the genuine patriotic feeling. This patriotism has not receded with the lapse of time, and proves to be longer than five minutes. To all intents and purposes, the boycott could be more effective, if many of our merchants would not be so mean as to resort to artful means in marketing Japanese goods. So far as our domestic industry is concerned, the boycott has not brought it any encouragement for its development. The unfavorable political and economical conditions have prevented our cotton and shipping industries from taking advantage of the situation to improve their status. In the case of cotton piece goods, sugar, paper and artificial silk, our non-production or insufficient production has necessitated us to import them from foreign countries. If we do not buy Japanese goods, we have to find their substitutes from some other foreign countries. In this case, our position is the same, although other countries have gained what Japan has lost.

Shanghai, September 12, 1932.

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South-Western China's Anti-Japanese Boycott Intensified

(From the Review's Canton Correspondent)

Canton, Sept. 7.

SEVERAL significant happenings of recent dates in Canton indicate that the organizers of the anti-Japanese boycott movements in co-operation with the labor and student bodies have succeeded in calling their nationals' attention to the recent developments in Jehol which are most unfavorable to the Chinese Government. The southerners and members of the south-western Kuomintang and Political Council have come to the realization that the economic weapon, if it is mostly effectively used, can prolong the Sino-Japanese struggle for the possession of the three north-eastern provinces in Manchuria, which may in time prove disastrous to the Japanese.

Importation of Japanese goods, principally sea-food products and maritime delicacies and even soya beans from Manchuria, has suffered a severe setback in Kwangtung and Kwangsi with the two principal anti-Japanese boycott societies operating in Canton and Nanning, with numerous branches in the Kwangtung districts. Among the labor unions the railway workers have performed their parts unusually well and co-operated with the boycott officials time and again in their daily routine searches and confiscation of goods of Nippon origin.

Severe Warning to Traders

A severe warning to the merchants, who have continued their trading with the Japanese or the latter's agents in consideration of a small profit, was given by the boycott organizers when they seized a large consignment of soya beans, consigned by firms in Manchuria to Messrs. Yu Hing, Hsiang Sang and Woo Hing, Chinese food product dealers. The beans, contained in several thousand bags, attracted the attention of the wharf searchers who threatened confiscation and destruction of this big consignment. The Municipal Chamber of Commerce, an institution for the merchants, is making a bold attempt to save this consignment, demanding the latter's release from the boycotters.

The Chamber points out that although the beans came from Manchuria and bore Japanese marks, such could not prove that the Japanese had anything to do with their production and shipment. All these beans, the Chamber argues, come from that part of China, and have to pass territories under Japanese or the latter's agent, Manchukuo, so that necessarily Japanese stamps appear on the export documents. But the boycott officers have so far closed their ears to these weak arguments and insist on the cargo's destruction.

Appeal to Kuomintang

The Food Product Merchants' Association has elected its own representatives to appeal to the Kuomintang organs supporting the three firms and the Chamber's petition. The boycotters point out to the merchants and Kuomintang department heads that the Boycott Society had time and again emphasized the necessity of avoiding Japanese steamers and railways in the transportation of goods to make the boycott movement a complete success. The Boycott Society has also announced in its regulation that the Society will disregard the origin of the products, but if the latter are found to have been transported on Japanese boats or railways they will be seized on their arrival in Kwangtung or Kwangsi. The confiscation of this consignment above mentioned, according to the Boycott Society's officials, is made because Japanese trade marks and marks showing that the cargo travelled on the South-Manchuria Railway, a Japanese managed railway, had been found on the bags. The Boycott Society calls the attention of the merchants to make some sacrifice to sever their trading with the producers in Manchuria for the time being, if it is found imperative that the beans must pass through the South-Manchurian Railway, Dairen and other Japanese or Manchukuo administered territories in Manchuria.

The Boycott leaders point to the Nanking blockade of Manchukuo in the postal and Maritime customs' administrations and in this connection the merchants should follow this excellent example by severing connection also with the Chinese exporters in Manchuria. Extensive trading with the Manchurian exporters will indirectly increase the revenues of the Manchukuo.

$40,000,000 Imported Annually

The boycotters pointed out also that Chinese products from erstwhile Chinese-controlled districts now annexed by the Japanese in Manchuria could not be termed Chinese goods, as the same applied also to products from Fusan, Formosa, which were also one time Chinese territories. The Canton boycotters have placed bans on goods coming from Formosa and therefore the same application will be given to Manchurian goods. It is understood that this big consignment, which is estimated to be worth at least $100,000, will be destroyed in the public park at a fixed date as a severe warning to the merchants.

The boycotters explain that Kwangtung is amongst the most important consumers of Manchurian beans and the yearly importation into Kwangtung alone not including Kwangsi and other south-western provinces amounts to over $40,000,000, as bean is used in the manufacturing of many food products and in the preserved meat and other lines. The importance of beans in the list of imported food products in Kwangtung is second only to that of wheat and rice. In addition to this a huge amount of bean-cakes are also imported to Kwangtung for the farmers as fertilizers. Among the bean cargoes coming to Kwangtung the majority of them were bought from dealers operating at Dairen, Yingkow and Antung, which are all administered by the Japanese now. It is pointed out that beans are also produced in Chinese ports in the North and the boycott on the Manchurian products in China Proper gives an opportunity to renew their connections with the importers in Canton.

In this connection it is further understood that many of the Chinese food product dealers who traded solely with the Shanghai and North China producers of bean had suffered huge losses resulting in several failures through the keen competition of the Manchurian firms, some of which are managed by the Japanese. Extensive transporation of the bean was made along the South Manchuria Railway due to the closure of Vladivostok, which indirectly increased the amount of beans exported from Dairen to Europe and other parts of China. It is estimated that monthly more than 100,000 tons were exported in recent months from Dairen alone.

Nanning Consignment Seized

That the National Salvation or Anti-Japanese Boycott Society at Nanning, capital of Kwangsi Province, and Wuchow, the foremost sea-port in Kwangsi, are equally vigilant in conducting searches of Japanese goods, has been confirmed by Nanning messages to hand a few days ago announcing that a consignment of paper sent by Messrs. Kwong Tat Yuen of Hongkong for a Chinese firm at Nanning was seized by the pickets. In this case the Kwong Tat Yuan management had complained to the Chinese General Chamber of Commerce in Hongkong pointing out that the consignment of paper came from a Norwegian firm at Oslo, Norway. The Hongkong Chamber has subsequently gathered many evidences, including pictures of invoices and the contract signed between the Kwong Tat Yuan with a Norwegian paper manufacturing firm's agent in Hongkong. These evidences have been sent to Nanning with a explanation that the seizure must have been made following a misunderstanding. Nanning messages further explain that the seizure was made because a few large consignments of paper of Nippon origin were smuggled into Wuchow and Nanning for the use of Chinese newspapers there who had been deceived by a change of the trade marks. The wrongful seizure of the Norwegian paper consignment was made after a trap had been made by the pickets on Japanese consignments which were expected from Canton.

Concerning the importation af Japanese paper, some time ago Canton newspaper owners have held a meeting to discuss means and ways of adopting concerted action to place a ban on Japanese paper, which usually found a and good market in Hongkong and Canton on account of ready demand.

Destruction of Seized Cargoes

From time to time the attention of newspaper readers has been attracted by the publication in the Chinese newspapers of the destruction of small and big consignment of Japanese goods in public parks in Canton. The goods seized ranged from food-stuffs, maritime delicacies, textile goods, rubber tyres, piece goods and other sundry products. In particular the Japanese cotton piece goods dealers in Hongkong had been hard hit by the protracted boycott movement. Dealers on this line complain to the writer that they are unable to do even one-half of their former business owing to the decrease in the purchasing

SEPTEMBER EIGHTEENTH—A REVIEW OF CAUSES AND EVENTS

(*Continued from page 91*)

Japanese troops entered Mukden city and occupied the various Government offices. By September 19, the entire city of Mukden was occupied. On the same day and the several days following, the Japanese extended their military operations far and wide, and a chain of strategic points in Liaoning and Kirin provinces including Changchun, Kirin city, Capital of Kirin speedily fell into Japanese hands. The Chinese authorities, anxious to spare the people of the Three Eastern Provinces from ravages and devastations of war, had strictly ordered the Chinese troops not to offer resistance and committed themselves to a measure which is now stigmatised as "Non-resistance policy." The Chinese authorities removed their seat of Government from Mukden to Chinchow on the Peiping-Liaoning Railway and there was established the Liaoning Provincial Government. Late in the winter, the Japanese extended their operations into North Manchuria and under the excuse of repairing a bridge on the Taonan-Angangchi Railway, despatched an army to Heilungkiang province. After a brilliant battle at the Nonni River in which Gen. Ma Chan-shan offered the first strong resistence and won fame as a hero of China, the Chinese troops were defeated and were forced to abandon Tsitsihar, Capital of Heilungkiang. In order to complete their occupation of Manchuria, the Japanese were determined to remove the last vestiges of Chinese authority and launched an attack on Chinchow in December. The Chinese authorities, continuing their policy of non-resistance, finally gave away and evacuated Chinchow on January 2, this year without putting up any resistance. With the fall of Chinchow, the Japanese became supreme in Manchuria and calmly proceeded to consolidate their power.

Shortly after the Mukden affair on September 18 and in the course of the occupation of Manchuria by the Japanese troops, the Chinese Government appealed to and has relied upon the League of Nations for help and an equitable settlement of the trouble. After vain attempts to force the withdrawal of Japanese troops from Manchuria, the League finally decided upon the appointment of an Inquiry Commission to proceed to the spot in order to study the best means for a settlement.

The Tientsin Disturbances

With Manchuria under their iron heel, the Japanese forthwith sought to create troubles in China Proper. With a view to dislodging the authority of Marshal Chang Hseuh-liang from North China, they first fixed their attention upon Tientsin, where there is a Japanese Concession and an armed garrison. This was a convenient ground for their plottings and intrigues and hence was chosen. During the first week of November, the Japanese had matured their plot to create disturbances in Tientsin. Gangs of Chinese loafers were organised by Japanese in their Concession. They were supplied with money and arms and were ordered to attack the Chinese city basing their operations on the Japanese Concession. Between 9 and 10 p.m. on November 8, numbers of such gangsters and loafers dressed in long dark gowns were handed their arms at a place near the Headquarters of the Japanese Gendarmes. At 10.30 in the evening, they began to rush out of the Japanese Concession in large numbers and launched an attack on the Chinese city in a determined attempt to seize the Headquarters of the Bureau of Public Safety of Tientsin, the Hopei Provincial Government buildings and the Railway Station of the Peiping-Liaoning Railway at Tientsin. The armed bands made violent attacks on Chinese policemen and particularly concentrated their assaults on all substations of Chinese police administration near the borders of the Japanese Concession. Fortunately, the Chinese Authorities, long apprehensive of the Japanese plottings, had obtained previous information and reinforced the police force with the Peace Preservation Corps which operating jointly, successfully coped with the dangerous situation. Early in the morning of November 9, following the abortive attempts of the previous night in seizing the Chinese city by plain-clothes men, the Japanese Military Headquarters peremptorily demanded Chinese police to withdraw from the borders of the Concession and threatened military action in case of non-compliance with the demand within a stated period. The Chinese authorities, in order to avert any difficulty with the Japanese at Tientsin, accepted the demand. However on the morning of November 9, after the acceptance of the demand, the Japanese troops shelled the Chinese city with trench mortars, inflicting much damage to civilian houses and causing many casualties. Consequently great tension and confusion existed in all the foreign concessions in Tientsin. During the night of November 10, in the course of the disturbance, Henry Pu Yi, ex-Emperor of China, who was a resident of the Japanese Concession, was spirited away from the Concession and carried off in a military steam launch to Darien by the notorious Japanese intriguer, Doshihara, who together with Honjo, was primarily responsible for the Mukden Affair. Doshihara visited Tientsin twice during the month of November and the Tientsin disturbances synchronised with both his visits. On November 26, the Japanese military authorities, using the trite pretext that Chinese bullets were falling into Japanese Barracks, once more shelled the Chinese city and firing continued up to the forenoon of November 27. The Japanese military dispatched another ultimatum to the Chinese Authorities, demanding this and that and the latter complied with all the demands and thus averted a serious crisis.

While the Tientsin disturbances were in progress, the Japanese were also launching a drive on Chinchow with Honjo in Mukden and Doshihara in Tientsin acting simultaneously with the object of occupying all the railway points from Mukden through Chinchow up to Tientsin.

The Shanghai War

After the subsidence of the Tientsin disturbances, during the height of Honjo's hot drive on Chinchow and while the League of Nations Inquiry Commission was making its way to China, the situation in Shanghai suddenly grew serious in December and became acute in January with the relations between the Chinese and Japanese strained to the breaking point. The feeling of Chinese people in Shanghai had been running high since the Wanpaoshan Affair and massacres of Chinese in Korea in July last and became intensfied following the Mukden occupation and the Tientsin riots. The Chinese people,

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(*Continued from foot of preceding page*)

rate in the interior of Kwangtung and Kiangsi and to the vigilance of the pickets who were responsible for an estimated seizure and confiscation of piece goods from Japan amounting to over half a million dollars in the month of August alone. Three well-known Chinese piece goods firms in Hongkong suspended business on August 31. All the firms involved had been opened for ten years and in normal years they traded to the extent of a few million dollars of business annually. The failures involve liabilities of over $500,000. The failures are due to heavy booking of autumn and winter consignments from Japanese firms which the Chinese dealers had found most unprofitable to take delivery of because of the unexpected continuation of the boycott due to the Jehol situation; and furthermore the falling in the yen and sterling exchange had resulted in a reduction of prices all around to about twenty per cent in piece goods. To take delivery of goods booked months before will mean a loss of that much in percentage. If the situation does not improve in the immediate future it is expected that more firms dealing in piece-goods will have to suspend business before winter comes.

Picket Official Punished

What has proved to be most detrimental to the merchants trading in Japanese goods is the keen lookout against smuggling maintained by the student bodies and honest members of the Boycott Society and the execution of a member of the Boycott Society, the late Pang Cho-lap, for smuggling Japanese goods into Canton. Following his execution last month recently another member of the Society has been arrested for punishment on similar charges. The culprit, Pang Kok-sang, believed to be a clansman of Pang Cho-lap, is under the severe persecution of public organizations who allege that the prisoner had accepted heavy bribes from Chinese firms to permit Japanese piece goods coming in Canton.

Public organizations consider such disgraceful conduct on the part of a Boycott Society member a great dishonor to the organizers of the patriotic movement and are stubborn in demanding the execution of Pang Kok-sang as they did Pang Cho-lap. They further want to advertise this execution by arranging to have it take place on September 18, the first anniversary of the Japanese occupation of Mukden from Chang Hsueh-liang. The drastic punishment has been demanded by the student bodies headed by undergraduates of the Sun Yat-sen University.

Canton, September 12, 1932.

finding themselves unable to cope with the Japanese aggression by force, resorted to patriotic movements and sought to retaliate by economic means in the form of an effective and rigid boycott. Exasperated with this retaliation and the resulting heavy loss of Japanese trade with China, the Japanese in Shanghai, especially the official circles and "Ronin" category, unduly elated with a sense of joy and pride over their "surprise" victories in Manchuria, waxed furious and bellicose and clamored for strong military action to "teach a sound lesson to the Chinese." Somewhat embarrassed with the lack of a plausible pretext, the Japanese forthwith set out to seek trouble. First, a party of Japanese monks ventured into Chinese territory, chanting the Japanese National Anthem in ringing voice and insulting the already outraged Chinese. Then, a party of Japanese Ronins, eager to precipitate a crisis, set fire to the San Yue Towel Factory on January 20 and got into a serious row with the Chinese and the Shanghai Municipal Police. Determining to capitalise the Anti-Japanese boycott as an excuse, the Japanese Consul-General here lodged a strong protest with the Mayor of Greater Shanghai Municipality, demanding the immediate dissolution of the Anti-Japanese National Salvation Association and the suppression of the boycott movement. Excitement was intense, while events moved with lightning rapidity. To avoid an inevitable military situation at the eleventh hour, the Mayor of Greater Shanghai Municipality swallowed the bitter pill and hastened to comply with the humiliating demands in toto. However, despite the fact that the Japanese Consul-General considered the action of the Chinese authorities as satisfactory, the Japanese Naval Authorities here demanded the complete removal of Chinese garrison forces from Chapei and not even allowing time to the Chinese authorities to be sufficiently informed, forthwith took military action. This occurred shortly after 11.30 o'clock in the night of January 28, when the Japanese launched their long planned attack on Chapei. The first shot that rent an otherwise quiet sky in that fateful night precipitated the catastrophe which ravaged Shanghai for fully thirty-four days, entailing enormous loss of human lives and destruction of properties.

Following the outbreak of hostilities in Shanghai, the Japanese marines concentrated their efforts to capture the North Station of the Shanghai-Nanking Railway and used armored cars to push their advance into the Chinese territory. Later, they brought artillery and airplanes into play. The fighting first broke out at Tientungan Station of the Shanghai-Woosung Railway and in the same night, operations were simultaneously extended along the North Szechuan Road bordering on the Chinese territory, Paoshan Road. In face of the furious Japanese onslaughts, the Chinese garrison of the famous 19th Route Army offered very stiff resistance and after heavy fighting for two days and nights, the Japanese failed to capture the North Station which was to symbolise the capture of Chapei territory, but instead, suffered heavy casualties. On January 30, the local Foreign Consular Body offered mediation, but the mediation failed and hostilities re-opened on February 4 on a gigantic scale with the combined Japanese land, naval and air force in full action. Japanese bombing planes ravaged Chinese territories and wrecked and burnt thousands of houses, killing unknown numbers of innocent civilian people. For the first few days, the fighting was more or less confined to Chapei, but soon, it spread to Kiangwan and Woosung on a long battle front. The Woosung Forts were first bombarded on February 3. Despite their superiority in armament, the Japanese forces failed to accomplish much progress during the initial stage of the fighting. Appeal for reinforcement was dispatched to Tokyo and the response brought Admiral Nomura to Shanghai with a large fresh contingent of marines. Nomura tried his luck, but failed. Further appeals were made to the Japan War Office, requesting the dispatch of regular Army Divisions to Shanghai to combant the recalcitrant Chinese troops as the Naval Landing Parties "have been worn out and are not accustomed to land fighting." In the middle of February Lt.-Gen. Uyeda, commanding the Japanese 9th Division, arrived at Shanghai. On February 18, he issued an insulting ultimatum to Gen. Tsai Ting-kai, Commander of the 19th Route Army, to withdraw the Chinese defence forces from Shanghai to a radius of 20 kilometers. The ultimatum was rejected. On February 20, Gen. Uyeda launched his "Big Offensive" on Chinese forces and during the days between February 20 and 23, the now famous battles of Kiangwan and Miaohangchen were fought, in which both the Japanese and Chinese suffered largest casualties and the ill-fated Major Kuga was taken captive by Chinese. The Chinese defense successfully survived the offensive. Thus Uyeda tried and likewise failed. Then followed days of comparative quiet and desultory fighting. In order to prosecute the war to the end, the Japanese for the fourth time appealed to Tokyo for reinforcements and this time, Gen. Shirakawa was made commander-in-chief of the Shanghai Japanese Forces and he hurried to Shanghai with a another full Army Division. The new reinforcement did not come to Shanghai, but mobilized off the mouth of the Yangtse. On March 1, the Japanese re-opened a general attack along the entire war front, with one full Division concentrating an assualt on an unguraded point on the Yangtse. They overwhelmed the small Chinese garrison at Liuho and succeeded in landing at Yanglingkuo. This proved disastrous to the Chinese defense and threatened to envelop the Chinese forces from the rear. Owing to the failure of timely arrival of Chinese reinforcements, the high Commands of the 19th Route Army ordered a general retirement from the Shanghai Area in the afternoon of the day and effected a safe and strategic retreat to the second defense line, thus marking the conclusion of the fighting in Shanghai.

The League Inquiry Commission

In the closing stages of the Shanghai War and while diplomatic negotiations were in progress for the evacuation of Japanese troops from Shanghai, the League of Nations Inquiry Commission which was appointed to conduct a probe of the Manchurian affair, arrived at Shanghai on March 14 after having stopped at Tokyo on the way. The Commission could have arrived much earlier, but a roundabout trip by way of the United States delayed their coming for a considerable time. The Commission was composed of five members, representing Great Britain, France, Germany, Italy and America and was headed by the British member Lord Lytton. After a short stay in Shanghai, it proceeded to Peiping en route to Manchuria to execute its mission. When it reached Peiping, some complications arose, when the Japanese raised objection to Dr. Wellington Koo, Chinese Assessor on the Commission, accompanying it to Manchuria. Finally, the Commission proceeded in two separate groups, one by way of the Peiping-Liaoning Railway and the other including Lord Lytton and Dr. Koo left by way of sea. Both groups arrived at Mukden in the evening of April 21. Forthwith, the Commission entered upon its task and conducted investigations of the Mukden Affair by interviews, trips and personal observations. After a prolonged stay in Manchuria for over two weeks, the Commission returned to Peiping on June 6, where it again stopped to study the Chinese archives and interviewed people. Early in July, it left Peiping and re-visited Tokyo to interview the new Japanese Minister of Foreign Affairs, Count Uchida and study the Japanese documents pertaining to the question. Returning to China, the Commission settled down and began compiling the report. After several months of hard labor, the report was finally completed on September 1 and was formally signed by the members on September 4 at Peiping. The original of the report was dispatched to Geneva, while two sealed copies were left behind to China and Japan to be opened on the same day as the formal report will be released at Geneva. The Commissioners left China for Geneva in two groups. Lord Lytton and the American and Italian representatives boarded an Italian steamer at Shanghai on September 5, while the French and German representatives proceeded to the same destination by way of land via the Chinese Eastern Railway and Siberian Railway. Thus, the Commission completes its work and ends its duty in China.

Manchukuo, or literally the State of the Manchus, represented the crystalization of the Japanese puppet organizations which were set up by the Japanese following their occupation of Mukden and Kirin province. First, the Japanese recruited the old Chinese officials, particularly the enemies of the late Marshal Chang Tso-ling and adventurous Manchus and set up a pseudo-Chinese regime at Mukden, but they soon found that it did not appeal to the Chinese masses. Later the Japanese decided to set up an independent Government for the entire Manchuria, but could not a find proper figure to be utilized as a puppet. Suddenly, they thought of Henry Pu Yi, former Emperor of China and considered this an excellent choice. Last November, when the question of creating a separate state in Manchuria came to a head, Japan sent the notorious Doshihara to Tientsin

where he created the Tientsin Disturbances and succeeded in abducting Pu Yi from the Japanese Concession on November 10. At first, Pu Yi declined to proceed to Manchuria to be crowned Emperor of the puppet state, but Doshihara resorted to intimidation by sending a bomb and cutting the water supply of his house. Finally, he yielded to Doshihara's threats and allowed himself to be smuggled away from Tientsin.

The Japanese first took him to Dairen, then to Mukden and later to Port Authur. In the meantime, the Japanese launched a fresh move for the creation of an independent state, the so-called Manchukuo and proposed to make Pu Yi Emperor. On February 21, the Japanese removed him again to Mukden, while preparations for the creation of the puppet Manchukuo were reaching completion. Shortly afterwards, he was finally brought to Changchun and on March 6 he was installed as the Chief Executive of the so-called Manchukuo, an ambiguous title which bears no meanings as Emperor, Regent, President, Dictator but a sort of political administrator. Since the creation of the Puppet Regime, the Japanese have been carrying on their work of absorption of Manchuria following the precedent of Korea.

The first step in her program is the appointment of an ambassador extraordinary and plenipotentiary to Manchukuo to serve as an overseer of the puppet state and the Commander-in-Chief of Japanese forces in Manchuria. This step has been taken despite China's protests and the disapproval of the League of Nations. Gen. Muto, the appointee of the Japanese Government, has arrived at Mukden and assumed his office. Now, comes the second step which involves the conclusion of a mutual defense treaty between Japan and Manchukuo and the official recognition of Manchukuo as an independent state which is still in the course of execution. For some time, the Japanese diplomats have sounded the opinions of the world regarding this *demarche* by publishing official and unofficial reports, but the impression created abroad was rather unfavorable and caused the Japanese to hesitate. As this article is being written, the Japanese suddenly stiffened their attitude and decided to accord official recognition of Manchukuo on September 15, regardless of whatever reaction it may produce in the world. What the further steps will be in the future can not be predicted, but it seems certain that Japan will be satisfied with nothing short of the complete absorption and annexation of the China's Three Eastern Provinces, now grouped under the invented title, Manchukuo.

The Mukden Affairs

Notwithstanding all the exertions, military and diplomatic during the past year, the Japanese and their puppet agency, Manchukuo, have found vast trouble in surmounting the "unsurmountable" difficulties in Manchuria. Contrary to their expectations and exhilarations of their initial successes, the Japanese have not found Manchuria a happy hunting ground and their experiences during the past twelve months have amply testified to that effect. It seems ironical at the very moment, when the Japanese foreign Minister, Count Uchida, announced to the world that Manchukuo has entered upon a career of healthy and sturdy progress and Japan is according official recognition to Manchukuo, Chinese volunteers are converging on Changchun, capital of the puppet state, and are threatening its capture and occupation. Throughout Manchuria, Chinese loyalists and volunteers have been very active in giving the Japanese a terrible time. Utter confusion and chaos have prevailed in the country and the Japanese find themselves absolutely unequal to the task. The recent kidnapping of two Britishers by bandits at Newchwang bears eloquent testimony to Japanese inability and impotence to protect life and maintain peace and order in Manchuria.

Simultaneous with the military moves in Manchuria, the boycott movement against Japanese goods in China proper continues to gain headway and is daily intensifying. Patriotic bodies have been formed to enforce the boycott and in some cases, drastic measures are being taken to punish the traitorious Chinese merchants dealing in Japanese goods. The entire country is seething with indignation and resentment of the Japanese and the Sino-Japanese crisis is becoming aggravated every day. On the other hand, the Japanese militarists are running amuck and posing for an immediate descent on Jehol, gateway to Peiping and Tientsin. While it is impossible to predict what the future has in store, it seems certain that the coming winter will witness more startling and serious developments which may plunge all China into the whirlpool of war and ultimately precipitate another world catastrophe which will be disastrous to all.

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WAR IN THE FAR EAST—A SOVIET VIEW

(*Continued from page 95*)

the limits of her domestic market. The bad shape in which the American farmers find themselves prevents any considerable rise in their requirements. As to the urban market, its limits are determined by the fact that, in the opinion of even so moderate an economist as Professor Faulkner, the condition of the working classes showed no substantial improvement during the whole post-war period, and has deteriorated considerably during the crisis. Rationalization has brought about a basic unemployment which will not disappear even if the present crisis is followed by a new period of expansion. America will have to find a way out of the crisis, and this will be, of course, in the direction of the expansion of her foreign trade and her foreign investments. In spite of all the shouts and cries of the isolationists the return of the United States to the policy they favor is unthinkable. The four billion dollars invested in Germany are a landmark. Henceforth America can only move forward, investing new capital in the countries which are potential markets for her produce. Obviously, then, the unification of China and the growth of her productive forces are determining factors in the economic expansion of the United States.

Japan is convinced that the United States will seek a solution of the crisis along these lines. She is anxious to forestall the United States by snatching from China whatever she can, and by occupying dominating positions in the remainder of China. Only so, she thinks, can she protect herself from being crowded out by the United States.

The third historical tendency against which Japan is waging war is the industrialization of the Soviet Union, and especially of Siberia. An American newspaper man who deals with Far Eastern affairs, usually from the Japanese point of view, wrote on January 10 in the *New York Times* as follows:

"Soviet Russia has presented a definitely serious menace to Japan. In the first place, Communist propaganda in China, in Korea and in Japan itself has bothered the Japanese fearfully. Second, Soviet Russia has vigorously pursued the imperialistic policies of Tsarist Russia in East Asia and with greater success. She has succeeded in forming of Outer Mongolia an independent state, allied to the Soviet Union; she has succeeded in holding her share of the Chinese Eastern Railway, and has formed close political and economic affiliations in North Manchuria.

"The Japanese have come to believe that Russia's principal steel and ammunition plants at Kuznetsk and Magnitogorsk and the proposed double-tracking of the Trans-Siberian Railway are aimed at Japan. If today Soviet Russia is weak, five years or ten years from now, when her industrialization shall have been completed and her transportation program put through, will she not be strong enough to face Japan, as she did in 1905, but with greater success?"

"Japan's answer to that will be the control of strategic railroads in Manchuria and Inner Mongolia and the development of iron and steel industries in Manchuria whose progress has been delayed because of Chinese opposition.

"A Japan without resources in her own country and dependent upon Chinese officialdom in Manchuria would be no match for Soviet Russia. But a Japan that dominates Manchuria economically and actually controls Manchuria's railways can even afford to be on good terms with Russia; for as Japan is strengthened in Manchuria, the menace from Soviet Russia decreases."

We are not quoting this excerpt in order to dispute some of the assertions made in it. We shall not, for example, take up the question whether the activities of Japanese imperialism and the attitude adopted toward them by several capitalistic countries in Europe do not advance the cause of communism in China. Nor shall we pause to discuss those aims of Tsarist Russia which are alleged to have been revived by the Soviet Union. Of significance to our present discussion, however, is the fact that Magnitogorsk and Kuznetsk, while not yet fully active economic factors, are already recognized as being active political factors on the international stage, and that they already produce certain reactions in the relations of the Great Powers in the Far East. And the seizure of Manchuria by Japan is recognized as being a step towards restoring the economic balance upset by the industrialization of Siberia, a step which will allow Japan to maintain the position she has won in the Far East.

Undoubtedly an observer less inclined to defend Japanese policies would not have failed to note that Japanese control over the whole network of Manchurian railroads means not only a blow to China's desire to create her own railroads independent of Japan and connected with the independent Chinese port of Hulutao, but that it also presents a direct menace to the Soviet seaports and the railway connections between them and the Soviet Union. All this public opinion in Soviet Russia understands quite clearly by merely glancing at a map.

The Japanese seizure of Manchuria, then, besides being an effort to forestall the unification of China and the spread of American economic power there, is also a reply to the industrialization of Siberia.

III

Japan has selected for action a transitional period in the development of each of the three factors on which her action is based. Thus, unifying tendencies at work among the Chinese people are passing through a time of severe trial; the bourgeois-feudal-military regime in China is at bay before popular masses everywhere on the vast Chinese plains, and at the same time it is torn by its own internal contradictions. Second, America has not yet embarked on a policy of independent economic expansion in China, although she may make such a decision at any time. Third, the Soviet Union, having undertaken the work of industrialization and having made steady progress with it, has reached a stage when her newly built factories are only just beginning to come into production. As has been the case in all other countries, they must pass through a period of infantile diseases which prevent them from showing full results immediately.

Japan is thus in a hurry. But the reason why she is in a hurry must be sought not only in an analysis of the three general considerations which have been brought forward above, but also in the conditions prevailing at the present time in Manchuria.

Manchuria has three principal railroad systems. One, the South Manchuria Railway running from Changchun to Dairen (with its ramifications), is entirely in the hands of Japan. The second, the Chinese Eastern Railway, from the frontier station of Manchouli southeast to Pogranichnaya belongs to the Soviet Union and is under joint Chinese and Russian management. The third railroad line, not yet completed, cuts through western Manchuria from Aigun on the newly built port of Hulutao.

The economic interests of the Japanese capitalists center about the South Manchuria Railway. In the region which it serves are situated the rich deposits of coal and iron which have been developed by Japanese capital and which are of immense strategical importance to Japan.

Soviet Russia is attempting no economic expansion around the Chinese Eastern Railroad. Her economic institutions, the trusts, are not trying to make it the backbone of projects for economic expansion, or to exploit the working masses of China; but this important trade route is being developed by the Chinese bourgeoisie and the Chinese landlords with a view to establishing and expanding their industrial enterprises in the area which it serves. Japan enjoys economic influence also in North Manchuria, but since she does not control the Chinese Eastern Railway, she is unable to impose the dictatorship of the Japanese trusts there.

Japanese Overlordship Resented

The railroads in western Manchuria were built partly with the proceeds of the Japanese loans, and partly with Chinese money invested by Chinese landlords and capitalists. The local Chinese bourgeoisie which has grown up is dissatisfied with Japanese domination and now seeks independence. In the days when Japanese capital and Japanese military influence first penetrated into Manchuria they at once set to work to develop a special Manchurian bureaucracy and create a Manchurian army as subsidiary agencies in effecting their domination of the country. It will be sufficient to point out that Chang Tso-lin grew to be the leader of Manchuria and accumulated millions under the auspices of Japan and with her assistance. But the Manchurian militaristic party, having reached maturity and having amassed millions by plunder, tended to become to a certain extent an independent force and to resent Japanese control. The new Manchurian bourgeoisie, which had invested in industrial enterprises the gold it had accumulated by exporting soya beans to Japan, began to dislike the fact that the cream of the profits went to Japan. The result was a gradually developing conflict between the Manchurian upper classes

(bourgeoisie and landlords) and military bureaucracy, on the one hand, and the Japanese militarism on the other. It is true that at the slightest menace to the rule of this bureaucracy from the outside, Japan came forward to defend it; we saw as much during the struggle between Marshal Feng and Chang Tso-lin. But the protection offered by Japan to her vassals did not for a moment diminish her hostility toward their eagerness to regain their independence.

Japan was particularly afraid of the connections which the ambitious Manchurian bourgeoisie and military leaders wanted to establish with America. To the successful attempt of Chang Tso-lin to prevent the granting of a Morgan loan to the South Manchuria Railway the reply of Japan (as stated in the Council of the League of Nations by the Chinese representative, M. Yen, without any challenge from M. Sato, the representative of Japan) was the murder of Chang Tso-lin. The Manchurian militaristic party was confronted by the alternative of either capitulating or entering into an open struggle. Chang Hsueh-liang's recognition of the Nanking Government was an act of open revolt by the Manchurian military clique against Japan, not only because Chang Hsueh-liang had proclaimed that Manchuria belonged to China, thus rendering more difficult the further steps of Japan toward the annexation of Manchuria, but also because the Nanking Government appeared in the eyes of Japanese imperialists as the agent of American capitalism. We are not concerned with the actual degree of dependence of Nanking on New York and Washington. This dependence, measured by the actual help given by American capitalistic circles to the Chinese capitalists who group themselves around the government of Chiang Kai-shek, is quite negligible. The real question is not that, but of the direction in which the Chinese bourgeoisie, represented by the government of Chiang Kai-shek, is moving. It is forced to seek the abrogation of unequal treaties and concessions in order to meet the demand of China's growing national consciousness; furthermore, the liquidation of the positions taken up by the imperialistic Powers would compel those Powers to change their policy of direct domination over China to one of cooperation with the Chinese bourgeoisie. England and France have concessions in China, and their domination is based on unequal treaties. The United States has no independent concessions; but as she is in a position to make loans to China, and thus to increase her influence through her investments, she does not need them.

The American policy of the Open Door in China meets the desire of the Chinese bourgeoisie for the unification of their country, and that is the reason why Japan has become convinced that the orientation of the Nanking Government toward the United States is bound to continue.

The penetration of the United States into Manchuria might take place—as a matter of fact, it already has started—through the cooperation of American capital with the Manchurian bourgeoisie. Japan was afraid of an amalgamation of the West Manchurian railroads with the help of American capital, and of the penetration of American capital into the Chinese Eastern Railway through the Chinese part of its management. Such a proceeding not only would threaten Japan's plan for the encirclement and economic control of the whole of Manchuria, but it also would menace the immediate economic interests of the Japanese capital invested in Manchuria to the extent of one-and-a-half billion yen.

The most progressive agrarian part of Manchuria is North Manchuria. Its trade used to go over the Chinese Eastern Railway to Vladivostok, not southward to Dairen. The trade of West Manchuria is now beginning to find an outlet by means of the network of Chinese railroads and the port of Hulutao. Warning of the approaching danger to Japanese interests was given by the decline in the profits of the South Manchuria Railway. It became imperative to take immediate and decisive action. Treaties which remain unpublished, secret promises to various military cliques which used to control Peiping or Mukden, were put to work by Japan. The Orient is known for its art of conducting endless negotiations. Japan came to the same conclusion reached by Dr. Faust in his interpretation of the Holy Scriptures: "In the beginning was not the word, but the deed." The name of this deed is General Honjo and his army which on September 18, 1931, began the conquest of Manchuria.

IV

If Japan retains Manchuria this will represent a drastic defeat of the foreign policy of the United States,

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a defeat for which it will be difficult to find compensation in the course of the next few years. Japan is convinced that the United States cannot defeat her on the seas. The immensity of the distance which separates the two countries and the absence of American navel bases would prevent the United States from striking a decisive blow at the Japanese fleet and gaining access to the inner Japanese waters. Formerly, in case of a war with Japan, the United States might have sought to achieve her ends by blockading Japan. But now Manchuria is to give Japan what she lacks for the conduct of a war, namely iron, coal, foodstuffs. To Manchuria is assigned the role of insuring Japan against the dangers of a blockade. Japan is convinced that the seizure of Manchuria is already an accomplished fact, and she has no idea that it will prove possible for anyone to force her to abandon her position there.

What is the basis for the Japanese belief that the real work is over and that merely the legal aspect of the problem still remains to be settled?

It is based, to begin with, on the position of Japan and the United States in the present alignment of the imperialistic Powers. The League of Nations, of course, does not concern Japan as an independent entity. The League is a thorn in the relations of the Great Powers. In practice it can do nothing that England and France do not want it to do.

The attitude of France toward Japan is plain. It is determined by French hostility toward the nationalistic movement in the Orient, a movement which threatens the French position in Indo-China. It is also determined by France's hostility to the Soviet Union. French imperialism would like to see Japan strengthened in the hope that this will lead to a struggle with the Soviet Union. The tendency is further emphasized by the relationship held by France toward the European neighbors of the Soviet Union, especially Poland.

But important as is the attitude of France toward Japanese imperialism, the decisive role in this connection belongs to England. In spite of the progressive weakening of England, she still remains a factor of first-rate importance in the Far East. Her investments there are larger than those of any other country and, what is more important, she controls the military bases along the routes leading to the Pacific Ocean. Therefore, in the Far-Eastern policy of England lies the chief reserve of Japanese imperialism.

The Basis of British Policy

What is this policy? It found plain expression in the statements which appeared in every English conservative newspaper defending the fundamental thesis of Japanese diplomacy as to the specific nature of the Chinese state. China, it was maintained, is not a force guaranteeing order and upholding treaties, hence the Powers in their relations with China cannot be bound by the League of Nations and its Covenant. This thesis (often and fully expounded in the *London Times, e.g.*, the leading article on November 23), forms one of the foundations of British policy. Its meaning is simple. British imperialism is aware that in the future (just as has been the case in the past) it will interfere with the sovereignty and independence of China; and in its struggle to preserve its acquisitions in China it cannot be in the position of putting a check upon Japan's policy toward China. This principle has not been clearly stated in the diplomatic documents and official pronouncements of the Foreign Office, but it nevertheless remains one of the bases of British policy. Nor does it exhaust this policy. We must also remember that in England's struggle against the United States she does not want to lose her Japanese trump. Beset by a variety of difficulties, England had to give way to the wishes of the United States at the Washington and London Naval Conferences; but this should not be taken to mean her final capitulation. England hopes that after she has strengthened the links which unite her with the other members of the Empire she will be able to re-enter the race for world supremacy. In this race she counts upon the support of Japan. The more cynical English statesmen retain the Japanese card in order to sell it at a good price when the time arrives for a final settlement of accounts with the United States.

Japan, who saw in the creation of the Singapore base the threat of an actual change in British policy toward America, is now convinced that at least for the present, or during the next few years when the Japanese position in Manchuria must be settled, England will not accept the lead of the United States. Anyone who has followed the manœuvres at Geneva cannot seriously doubt that the Japanese analysis of British policy is essentially correct. All the suggestions and declarations made by British representatives were directed to the same purpose, namely to afford Japan a breathing-space in which she might complete her program and consolidate her acquisitions in Manchuria. This was the object of sending the League committee of experts to the Far East; it also inspired the English offer of an armistice made in Shanghai, an offer which was to relieve Japan from the moral pressure of the small Powers, members of the League, supported by American public opinion. Finally, under the influence of American diplomacy, England, who had refused to join in the policy set forth by Secretary Stimson on January 7, felt obliged to accept the resolution of the League of Nations of March 11 declining recognition of any treaties imposed upon China by the armed might of Japan. England voted for the resolution; but her real position in this question, as it appears in the speech of Sir John Simon in the House of Commons, is extremely elusive and makes it possible for her to pretend at any time that she believes in the self-determination of the Manchurian people and does not see the "self-determining" bayonets of General Honjo.

The policy of the United States, as expressed in Secretary Stimson's note of January 7 and his letter to Senator Borah, is not to recognize the Japanese acquisitions. This attitude will hardly intimidate Japan's diplomats or her military leaders. If they succeed in taking a firm hold in Manchuria, they can afford to await the recognition of the United States, meantime creating new opportunities for obtaining compensation or concessions. By bombarding Shanghai, for instance, Japan created a situation in which even a large section of American public opinion considered as a very great achievement the cessation of the bombardment, although the Japanese troops remained in Shanghai and although even today they retain Woosung and thus control the Yangtze.

Japan does not believe that the United States will dare to take action against her, even to the extent of using the Chinese as an instrument. To wage war China would require considerable loans, which under present financial conditions the United States cannot provide. The American Government could not advance the money because to do so would need a declaration of war, American banks, who have doubts as to the stability of the government of Chiang Kai-shek, will not open large credits to China. Credits might be offered by private manufacturers of ammunition and armaments, but if these credits were large or if the shipment of large consignments of arms seemed likely, Japan would not allow the consignments to reach Tientsin and Shanghai, or she would prevent their unloading, or, in the last resort, she would declare formal war on China and a blockade, thus facing the United States with a definite choice. American policy in China seems to aim at collecting a rich harvest without taking any risks. That sort of policy may sometimes be successful, when exceptional conditions prevail. These do not exist at present.

The attitude of the United States toward the Soviet Union, which entails sacrificing the advantages of an economic and political *rapprochement* to the considerations of parochial politicians in search of thrillers for home consumption, is an example of the complete lack of vision and determination in the foreign policy of the United States. The Japanese laugh at the threats of the American press. They point out that the United States is incapable even of making a decision to resume normal relations with the Soviet Union, and that what is more, American influence, by preventing the establishment of normal relations between China and the Soviet Union, is playing Japan's game.

That sort of policy cannot check the adventures of Japanese militarists, who have decided to seek, arms in hand, a solution to the crisis from which Japan is suffering today, and which is not purely economic.

V

The Soviet Union, which borders Manchuria and Mongolia and which is the only independent state facing Japan from the mainland of Asia, follows with deep interest day-by-day events in the Far East. She cannot afford to be indifferent to the changes which are taking place in the Pacific. She is convinced that in the long run the policy of the Japanese imperialists will prove extremely costly to the Japanese people. Japan has entered the path of expanding her colonial possessions at a time when the colonial system all over the world is displaying unmistakable signs of deterioration. That

system is under attack by nations which have much lower standards and a much less developed national consciousness than China. It is not impossible that as a result there may be a great conflict between the Chinese masses and the Japanese imperialists, a conflict which will end by transferring the leadership of China into the hands of the elements which are the most capable of uniting the Chinese masses in their struggle for independence.

In particular, the Soviet Union cannot remain indifferent to the changes which are taking place in Manchuria, through which or near which pass the lines of communication giving access to her Pacific ports. Her industry does not need foreign markets because, however rapid may be its growth, the demands of her population grow even more rapidly. The Soviet Union was never a party to any policy of dividing Manchuria into spheres of influence, but she cannot but observe that her interests there are threatened by the rule of foreign military cliques.

The Soviet Union is strong enough to defend her territorial integrity and her interests. Concentrating her efforts on building up peaceful industries for meeting the needs of her own population, keeping aloof from armed interference with the affairs of foreign nations, the Soviet Union will seek a peaceful settlement of all conflicts which may arise between her and her neighbors. She will base her policy exclusively on her own interests, which correspond with the interests of peace both in the east and in Europe. But she will know how to defend her vital rights. Those who think that she will sacrifice them because she is afraid of a conflict are just as wrong as those who believe that she will become a tool of foreign interests.

It must be hoped that this will be understood both by the Japanese imperialists and by their opponents. Let no one expect to win an easy victory over the Soviet Union or look upon her as an easy prey. Foreign Powers who have occupied Soviet territory in the past were forced to withdraw. No state can expect to ignore with impunity the interests of a nation with a population of 165 millions—certainly not a state which is already waging war on another front. To disregard these simple truths would be to court terrible misfortune. That can be avoided by reaching reasonable agreements not directed against a third party but serving the general cause of peace. In the effort to maintain peace the Soviet Union will collaborate with any Power which desires the peaceful development of the Far East.

Japanese Recognition of Manchukuo

To the Editor, *The China Weekly Review*:—

It is widely reported that the Japanese Government will soon accord recognition to Manchkuo in defiance of the American opposition and the intervention of the League of Nations. At least the movements of Japanese officialdom point that way. General Muto, the special ambassador to Manchukuo, has arrived at Mukden. Count Uchida, the Foreign Minister, has spoken about early recognition in his speech before the Diet. But I take it that the recognition of Manchukuo will immediately put the Japanese Government into great embarrassment.

Firstly, it seems to me that trouble will come from the Russians. The Russians are now very silent over the present issue. It is also reported that they have reached some sort of understanding with the Japanese Government. But, judging by the national characteristics of the Russians, I do not believe that report could be true. I may say with surety that their silence is just a sign of their waiting for a chance. As soon as the Japanese Government recognizes Manchukuo, the Russian Government will most probably follow. People may then say that this means the two governments have reached an undestanding. Well, I certainly would not contradict myself. The Russian Government will give its recognition, too; but soon thereafter will address a note to the Manchukuo Government advising its intention of sending a force into North Manchuria equal to the strength of the Japanese Army to protect its vast interests. If the Manchukuo Government refuses, the Russian Government will naturally ask why the Japanese army is not requested to withdraw. This will put the Japanese Government in great embarrassment and will probably result in open war between Japan and Russia. The Japanese Government seems to be prepared for such an issue. That is why General Muto, a man conversant with Russian affairs, is sent to Manchukuo as special Ambassador.

Secondly, trouble will come from the Manchukuo Government itself once it is recognized; it will pluck up courage and demand the withdrawal of the Japanese army, It would say to the Japanese Government, amicably and reasonably, that as an independent sovereign nation, it cannot tolerate the stationing of foreign armies within the borders of the nation. It would also say that if this right is given to Japan, other nations may demand the same right upon giving their recognition. And when the Russians do put up such a demand, it would insist upon the wihdrawal of the Japanese army more strongly. Would not such a state of affairs put the Japanese Government in great embarrassment? Some one may say that such a state of affairs would never happen, as the Manchukuo Government is entirely under the control of the Japanese adviser and assistants. But are not the Manchus still occupying the chief positions in the government? If the military men could effect a *coup d'etat* overnight, why could not the foreign minister of the Manchukuo Government produce a surprise note one morning without being known to the Japanese advisers and assistants? So far as I know, the present foreign minister of the Manchukuo Government is a patriot, a man of great intellect, patience, and strong determination. Once an opportunity comes up before him, he will do something to surprise the world. Some one may say that if he so acts, he is sure to lose his life and to be replaced by some one else. Well, this is quite probable, but any man of self-respect would not see his native country put under a shameful condition like a protectorate.

Thirdly, of course, as everybody knows, the U.S.A., as the leader of the Nine-Power Treaty, will give vent to her opposition to such an act of the Japanese Government. To maintain the sanctity of that treaty, she ought to take such a step,even by force of arms. But she has her shortcomings, and so is not running the risk of fighting the Japanese alone. She is now seeking the co-operation of Great Britain. Should she fail in so doing, she might give up any attempt to re-affirm the territorial and administrative integrity of China, and let Japan act as she pleases in Manchuria and even in other parts of China. However, my observation is that she will most likely succeed in securing the co-operation of Great Britain. There are three reasons for this: (1) Great Britain and the U.S.A. are both of the Anglo-Saxon race; (2) Great Britain was greatly indebted to the U.S.A. in the Great War; and (3) Great Britain has large interests in Manchuria and other parts of China, and is well aware that the great market in China will be closed to her once it is dominated by Japan. Now, if these two countries co-operate to curb the activities of Japan, the latter would find her opponents too strong for her and might attempt to pacify them by some other tactics. The reported sending of Admiral Nomura to America is seen to be one of her tactics. Let me advise the U.S.A. to turn a deaf ear to any propaganda of Japan and to crush this disturber of World Peace at any cost. For the past events on the Manchurian issue should have taught her a lesson that Japan would lie to the world and break any treaty that she may sign as the Nine-Power Treaty. Macaulay has well taught in his Frederick the Great by saying, "Guarantees were mere filigree, pretty to look at, but too brittle to bear the slightest pressure." Let the world statesmen not value conferences and treaties too much, for any ambitious nation may break them at any time.

Such are my observations on the march of events in the near future! MANCHU.

Shanghai, Sept. 8, 1932.

Annam Emperor Pledges Loyalty to France

Bao Dai, the youthful Emperor of Annam, arrived back in his country end of last week after a long absence in France where he was being educated. He made the journey from Saigon to Touran on a French cruiser. His arrival at Touran was the occasion for a grand display. As reported by *Havas*, Bao Dai, in a speech, said among other things: "I salute you, Frenchmen of Annam, whose warm sympathy I feel about me. You should feel assured always of a warm reception from me."

Chinese Coin "Good" Counterfeit Australian Shillings

It was disclosed in the Police Court at Sydney, Australia, September 8, that a gang of Chinese had imported and distributed 10,000 counterfeit shillings. The spurious coins were so cleverly devised that they were readily accepted by the banks, but they contained ten per cent less silver than Australian shillings, thereby giving the counterfeiters substantial profits.

The Essence of the Japanese Perturbation

BY GEO. W. MISSEMER

JAPANESE publicists, propagandists, editors, statesmen, and particularly Japanese army and naval officers, are still perturbed by a short editorial which appeared in the February 6 issue of *The Review*, entitled "Defeat of Imperial Japan Necessary to Secure the Liberation of the Japanese People." *Editor and Publisher*, published in New York City, a journal devoted exclusively to the interests of journalism and which numbers among its subscribers every prominent newspaperman in the United States, in its issue of August 13 mentions that Yoshio Nitobe, the editor of the *Japan Times*, recently called at their office and showed them an editorial he had written concerning J. B. Powell, the editor of *The Review*, and incidentally showed them a copy of *The Review's* editorial above referred to. *Editor and Publisher*, consequently, reprinted extracts from the *Review*' editorial, as follows:

> "So long as Japanese arms are successful abroad the peace of the world is menaced. . . The one thing that will make the Japanese people realize how they are being led by the nose is to bring Imperial Japan to its knees. Then the Japanese will remove the bandages from their eyes. . . They will throw out all this medieval nonsense about the sanctity of the person of the Japanese Emperor, invite him to reside in some out-of-the-way place and keep quiet, and then will seize the reins of government themselves."

The net result of Mr. Nitobe's action has been to bring the above-mentioned *Review* editorial to the general attention of America's newspapermen, and the writer ventures the opinion that 95 percent of them will approve of the sentiments therein expressed. The Japanese propagandists must be poorly acquainted with American mentality if they imagine that they will gain sympathy when they point out that the imperial system has been attacked by an American (or any other) journal.

The Divine Right of Kings a Thing of the Past

When the American Republic was founded in 1776 every country in Europe except Switzerland, had at its head either a king or an emperor, and most of the latter claimed to rule by divine right in the same way that the Japanese Emperor makes that claim, the only difference being that they claimed it in a somewhat less pretentious manner. Things are very different now. The kings that remain on their thrones today in Europe are merely figureheads, and any one of them that attempted to claim the right to reign by "divine right" would be deposed at once. The Great War had only one beneficent effect, namely that it brought to an end once and for all in Europe the nonsense about the divine right of kings. In each instance, it is important to note, the deposing was done not by the invaders but by the people of the respective countries themselves. When Russia as an Ally was first defeated, it was the Russians who deposed the Tsar; then in turn, as the Germans and Austrians were defeated, they deposed their "divine right" rulers. In all these countries, before the war criticism of the emperor was rigidly suppressed, under *lese majesty* laws, just as criticism of the Mikado is now suppressed in Japan. It was not really the case that it was the *person* that was being protected, it was the *hereditary imperial system* that was being protected. In each country it was the military clique that was the most jealous of having this system pepetuated, just as it is the military clique in Japan to-day that is most jealous of having the myth of the Mikado being the Son of Heaven perpetuated. To those who say that any country's internal system of government is a concern of their own and not of outsiders the writer will reply that such an attitude only applies so long as the country in question does not attempt to encroach on the territory of others and in doing so relies on the superiority of its system of government. Let it never be forgotten that it was through the shedding of the blood of millions of befooled people that the imperial system was brought to an end in Europe. When the people of the various countries once realized that the leadership of their military leaders had brought them to the depths of despair, they themselves attended to the job of deposing the reigning families and set up a government in which the power remained with the people and not with a hereditary family. Had there been some means of bringing home the real truth to the millions of Russia, of Germany, of Austro-Hungary and Turkey, they would in all probability have been able to ease themselves of the imperial yoke without it being necessary to have the lesson taught them through defeat. It is for this reason that the editorial in the *Review* was quite properly headed, "Defeat of Imperial Japan Necessary to Secure the Liberation of the Japanese People."

A Groping Republic Better Than a Repressed Kingdom

Japanese statesmen and publicists will probably reply: "Well, look at China, which is a so-called Republic, and then look at Japan. China is in chaos, but in Imperial Japan order is being maintained." The answer to such a contention is that there is also quiet on the inside of a bomb until the spark sets off the explosion; all the elements of the explosion are there awaiting the touch of the exciting element. It is quite true that the Chinese Republic has been far from being the success that its friends hoped for it in 1911. But China is on the right track nevertheless, and Japan is not. The aim in China is to lead the people to rule; in Japan the aim of those in power is to keep the people in perpetual leading strings. China is groping its way slowly and in many ways blindly, but it is pushing towards a worthy goal. In fact it is the writer's firm conviction that if Japan should ever send an army to conquer China that very fact would eventually lead to a revolution in Japan,—quite apart from the fact that the Japanese populace might refuse to bear the financial burden —because the Japanese army would be "corrupted" by the Chinese populace, and in the end would refuse to fight. That, it will be remembered, happened, with some of the troops that were sent from other countries to Russia after the war, with a view of subduing the Bolsheviks. The latter "corrupted" the foreign troops that were sent to subdue them, and did it so successfully that the various foreign powers concerned decided to withdraw their respective troops and leave the Bolsheviks to their own devices. There is every indication that in the end such would be the method by which China would get rid of the Japanese soldiers. The Japanese powers-that-be would themselves withdraw their troops for fear that if they stayed in China any longer they would bring back to Japan the revolutionary doctrines and spread them there. The only trouble probably would be that the Japanese leaders would be too tardy in coming to such a decision.

Hupeh Province Faces Heavy Deficit

Hupeh province is faced with a deficit of $8,320,000 in its administrative budget for the 21st fiscal year (July, 1932—June, 1933). The receipts are estimated at $16,830,000 and expenditures at $25,150,000.

In addition, the Hupeh Provincial Department of Finance has been instructed by the Commander-in-Chief's Headquarters of the Bandit-suppression forces to raise a monthly sum of $620,000 for bandit-suppression expenses.

General Chiang Kai-shek has consequently instructed the Hupeh Provincial Government to enforce a drastic retrenchment program and limit the administrative expenses to $700,000 a month without cutting down the educational and police appropriations.

List of China's Delegates to Geneva Assembly

The following is a full list of the members composing the Chinese Delegation to the September session of the League of Nations Assembly at Geneva.

Plenipotentiary Delegates: Dr. W. W. Yen, Dr. Wellington Koo and Quo Tai-Chi, respectively Chinese Ministers to Washington, Paris and London.

Technical experts: Dr. Yen Te-cheng, Wang Te-chen, Chien Tai, Dr. Hsu Shu-shih and Hua Nan-kuei:

Director of the office of the Chinese Delegation at Geneva: Hu Shih-tse (Victor Hu), Chinese Minister to Switzerland.

Secretaries: Chen Hsuan, Lo Shih-an, Liu Kai and Fang Pao-chun.

Heavy Drop Shown in America's Foreign Trade

An official report issued in Washington September 3 by the Department of Commerce said that exports from the United States during the first seven months of 1932 declined G.$548,924,485, as compared with 1931. Imports declined G.$454,298,327 over the same period. Total exports for the period amounted to G.$94,821,947. The exports to Japan came to G.$82,371,299, a decrease of about seven million dollars from last year. Exports to Soviet Russia amounted to G.$8,091,304, representing a decrease of G.$66,000,000 over last year. One of the largest other decreases was in imports of products from Asia, amounting to G.$22,784,820.

Noulens Judgment Scores Communist Couple

All Communist, anti-government and anti-Kuomintang uprisings in China are traced to the coming to China during March of 1930 of Mr. and Mrs. Noulens in the judgment rendered by the Soochow Higher Court, the official text of which was handed to them in Nanking September 10.

In the course of the judgment the court stated that "it was planned by Mr. Noulens to send his accomplices to Nanking to stage a mutiny among the soldiers, mechanics, aviators, policemen, garrison troops and officials connected with the Aviation Department of the national government with a view to overthrowing the Nanking government. In his reports to the headquarters of the Third Internationale, Mr. Noulens had recommended the creation of special spheres of influence of the Soviet in the provinces of Honan, Anhwei and Hupeh and also proposed that funds, appropriated by the Third Internationale, should be distributed to the Communist bureaus for North China, South China and the Yangtsze Valley. The fanning of the fire of revolution among the farmers against the national government was recommended by Mr. Noulens as the best weapon to bolshevize China." The defendant is also found guilty of having instigated labor strikes, created disturbances, issued slogans such as "down with the Kuomintang," "drive out the running dogs of the Nationalist Party and Imperialists," "support the bolsheviks and adherents of the Soviet in China" and others. Even activities of the Communists in India, Philippine Islands, Malaya Peninsula, Korea, Annam and Japan have been directed by him.

The judgment goes on to recall the conditions under which the defendants were arrested at Shanghai by the Shanghai Municipal Police on June 15, 1931. During the raid by the Shanghai Municipal Police on Room 30 of the building at 49 Nanking Road, a letter written by Mrs. Noulens was found on the desk in which an appointment was made for a secret meeting of the Communist couple to be held on the following day. This supplied the clue which led to the arrest of Mrs. Noulens who was later found to have also been despatched by the Third Internationale as an aid to Mr. Noulens.

The defendants are referred to in the judgment as "man and woman without a country."

As previously reported the Noulens were sentenced to life imprisonment. The have issued a "farewell statement" saying that they did not intend to file an appeal.

Mrs. Sun Yat-sen Trying to Secure Freedom of Noulens Couple

Mrs. Sun Yat-sen, accompanied by her sister Mrs. Chiang Kai-shek, after visiting the Sun Yat-sen Mausoleum September 10, proceeded to the detention house of the Nanking District Court at Nanking to interview Mr. and Mrs. Noulens and had about an hour's talk with the couple. Mrs. Sun Yat-sen is exerting herself to secure a pardon for the Noulens.

Memorial Service Recalls Dr. Sun Yat-sen's First Uprising

A memorial service was held at Central Party Headquarters at Nanking September 9 in commemoration of the 37th anniversary of the first Revolutionary uprising staged by the late Dr. Sun Yat-sen. Over six hundred Party and Government officials were present. After recalling the cirumstances surrounding this first effort of the National Revolution, Shao Yuan-chung, acting President of the Legislative Yuan, in the course of a lengthy speech, pointed out that the present situation in China was comparable to that prevailing thirty-seven years ago when this first uprising was staged.

Chang Chun, Chiang's Envoy, Reports on Northern Military Conferences

General Chang Chun, who had recently held, on behalf of General Chiang Kai-shek, a number of conferences with northern and Shansi military commanders, returned to Hankow from Shihchiachuang September 9.

Interviewed following his arrival, General Chang said that both the northern and Shansi generals have pledged implicit obedience to the Central Government and President Chiang Kai-shek. He confirmed the report that General Chang Hsueh-liang would shortly pay a visit to Hankow to confer with General Chiang Kai-shek regarding the situation in North China.

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In the United States Court for China

In re.
LAST WILL & TESTAMENT
of
MALKAH HARRIS SHEEKS
Deceased

Cause No. 3463
Special Proceeding No. 793
NOTICE

Pursuant to an Order of said Court notice is hereby given to all persons having claims against the estate of MALKAH HARRIS SHEEKS, deceased, to present the same with vouchers to the undersigned on or before March 17, 1933, and all persons owing debts to said deceased are hereby notified to make payments of the same in due course to the undersigned.

George Le Mar Sheeks
Executor
47 Peking Road
Shanghai.

Shanghai, China,
September 9, 1932.

In the United States Court for China

In re.
Estate
of
MORRIS HIRSHORN
Deceased

Cause No. 3466
Special Proceedings No. 794
NOTICE

Pursuant to an Order of said Court notice is hereby given to all persons having claims against the estate of MORRIS HIRSHORN, deceased, to present the same with vouchers to the undersigned on or before February 27, 1933, and all persons owing debts to said deceased are hereby notified to make payments of the same in due course to the undersigned.

DONALD E. ROBINSON
Administrator
26 Whangpoo Road,
Shanghai.

Shanghai, China.
August 22, 1932.

Men and Events

Mr. Penlington, Tokyo correspondent of the *London Daily Telegraph*, is at present on a tour of Manchuria.

T. P. Givens, of the Shanghai Municipal (Foreign) Police Force, has returned to Shanghai from a holiday spent in north China.

T. V. Soong, Minister of Finance, made a trip to Haichow, Kiangpeh, during the week to inspect the Special Salt Revenue Brigade now under his command.

R. J. McMullen, formerly member of the National Committee of the Y. M. C. A. has been appointed Provost of the Hangchow Christian College.

Announcement was made during the week that Myron Simon had severed his Connection with A. B. Rosenfeld & Son and has joined Swan, Culbertson & Fritz.

Mrs. Dagny Carter Murphy gave an informal lecture-discussion on "Present-day Tendencies in Chinese Art" at the Shanghai Art Club, 55 Hart Road, Wednesday, September 14.

A contract was concluded last week between the South Manchuria Railway Company and a German firm for the sale of 1,000 tons of pig iron ores produced at S.M.R.'s Anshan works.

Sidney A. Moss, son of Barnes Moss of Shanghai, formerly associated with a law firm in Seattle, recently joined the legal firm of Cooley, Crowley & Supple, 206 Sansome street, San Francisco.

Samuel Chang, former chief of the Intelligence and Publicity Department of the National Government, returned to Shanghai this week from a two months' trip to Fukien and Kwangtung provinces.

Mrs. George C. Butte, wife of Judge Butte, of the Supreme Court of the Philippine Islands, and Miss Butte were due to pass through Shanghai end of this week by the Dollar liner *President Coolidge* en route to Manila.

Col. Isaac Newell, former U. S. Military Attache at Peiping and Commander of the 15th Infantry at Tientsin, but now retired, returned to China this week from the United States and will spend the winter in Peiping. He was accompanied by Mrs. Newell.

Wang Sze-ching, a graduate of the Chih-tsze University and the Comparative School of Law (Soochow University), departed from Shanghai for France September 14 to continue his studies in economics in the University of Paris.

General Yu Hsueh-chung, ex-Garrison Commander of Tientsin, who was recently appointed Chairman of Hopei Provincial Government, arrived at Tientsin from Peiping beginning of the week, and has in the meantime assumed the duties of his office.

Upon the recommendation of Chen Kung-po, Minister of Industry, the Executive Yuan has appointed Liu Ying-chien as Director of the Department of Industry of the Ministry of Industry in succession to the late Cheng Chen-chun who died of illness last month.

Mrs. Woodrow Wilson, widow of the late ex-President, was due to sail from Vancouver September 10 for Tokyo to attend the wedding of Miss Virginia Teusler, daughter of Dr. Rudolph Teusler, head of St. Luke's Hospital, Tokyo. Dr. Teusler is a cousin of Mrs. Wilson.

The Shanghai-Nanking section of the Shanghai-Sinkiang air mail and passenger service was resumed September 6, by the Eurasia Aviation Corporation after having been suspended for more than half a year since the outbreak of the Sino-Japanese hostilities in Shanghai.

The National Anti-Chinese Committee met at Mexico City, September 10, to discuss intensification of the anti-Chinese campaign in Yucatan. Members of the committee are pushing a proposal which would compel Chinese to reside in special restricted districts in all cities.

Carl Crow. Inc., Shanghai advertising agents, announce that they have become associated with Messrs. N. W. Ayer and Son, Inc., of Philadelphia, leading American advertising agents, and have been appointed their sole Far Eastern representatives and advisors on all matters pertaining to advertising, marketing and research in China.

Dr. Wu Lien-teh, director of the Chinese Bureau of Quarantine, announced September 13 that as cholera had ceased to be epidemic at Tientsin, Chefoo, Hongkong and Canton, ships arriving at Shanghai from said ports would not be subject to quarantine regulations. It will be noted that Tsingtao is not included in the list of cholera-free ports.

Dr. Chao Chin-po, President of the Legislative Yuan of the Manchukuo Government, who wae to proceed to Genevato attend the forthcoming assembly of the League of Nations as an observer, has cancelled the plan. He will be replaced by some other official of the Manchukuo Government, according to a recent telegram from Changchun.

Bert Hall, American aviator has brought suit in the First Special District Court against Brigadier-General Julian Liang of the Nationa-Government's Air Force for the return of Tls. 4,711 representing balance due on a loan of Tls. 6.951.11 which he had made to Mr. Liang. The case was adjourned after a short hearing September 10.

Ray G. Marshall, who has been appointed to take charge of the *United Press* office in Shanghai, is at present travelling in Manchuria, and is due to arrive here September 25. He arrived in Japan last week and from there proceeded to Manchuria on instructions from New York. He is also scheduled to make an inspection of the *U.P.* office in Peiping, which he was in charge of until 1925.

Wunz King, former commissioner of foreign affairs in Shanghai, is now in Shanghai and will leave shortly for Geneva to join the China delegation to the League of Nations. The former commissioner of foreign affairs in Shanghai was the guest of honor at a dinner given by Koo Wei-hsin, elder brother of Dr. Wellington Koo, at the Hong Hwa Lon, restaurant in Shanghai September 10.

The Commercial Press, whose $16,000,000, plant in Chapei was destroyed by the Japanese last January, is erecting a new printing plant within the Western district of the Settlhment and is importing a large amount of printing machinery from abroad, preparatory to resuming operations on a large scale. Meantime the needs of the Shanghai office are supplied by their plants in Peiping and Hongkong.

The death occurred in Rome, Italy, last week of Cardinal Van Rossum who for 14 years was Prefect of the Sacred Congregation for the Propagation of the Faith. The cardinal had a special love for China and it was during his tenure of office that the first six Chinese bishops were consecrated by the Pope himself Since this beginning was made, 11 additional districts have been entrusted to Chinese clergy.

An election of officers of Gamma Phi, high school fraternity, at the Shanghai Foreign Y.M.C.A. September 10 resulted in the selection of Robert Megill, of the American School, as president; Peter Berents, of Cathedral School, vice-president; Robert White, American School, secretary; Raymond Dodd, Cathedral School, treasurer; and Lionel Husband, Public School, editor of the weekly news bulletin of the fraternity.

The death of W. S. Fleming, the senior partner of the Shanghai legal firm of Fleming, Franklin and Allman, having automatically brought the partnership agreement to an end, the remaining partners have decided to practice separately. Cornell S. Franklin announces that William Harrington, who arrived here during the week from his home state of Mississippi, will be associated with him in a new firm to be known as Fleming and Franklin. N. F. Allman will maintain a separate office.

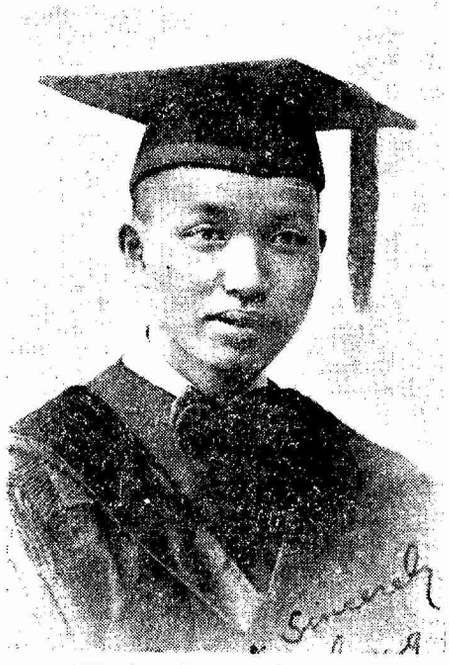
O. G. Steen, general manager of the Dollar Company's interests in the Far East, accompanied by Mrs. Steen and their two children, is returning to Shanghai from home leave on the *President Coolidge* scheduled to arrive on Friday, Sept. 16. P. H. Bordwell, assistant-general manager who has had charge during Mr. Steen's absence, is proceeding to San Francisco on leave on the return voyage of the *President Coolidge*. Mrs. Bordwell is already in California, having gone home several months ago.

Death Occurs of U. S. Consul Jay C. Huston

The death occurred in Shanghai September 14 of Jay C. Huston, Consul in charge of commercial affairs attached to the U. S. Consulate General in Shanghai since 1928. Mr. Huston had been ill with Bright's disease at the Shanghai Sanitarium for several weeks. Mr. Huston was born at Knox, Indiana, July 20, 1888. After graduating from the University of California he commenced his consular career as a student interpreter in 1915. Before coming to China he served at various Chinese ports, notably at Canton during the years 1926-27 when the "Red" uprising occurred. An official report on the "Red" movement in China which he compiled, and on which he was an authority, was specially commended by U. S. Secretary of State Stimson.

Who's Who in China

Chang Shih-chang, Christian preacher and writer; born at Siashih, Chekiang, 1897; graduated at University of Shanghai with B. A. degree, 1920; received M. A. degree from the same University, 1922; preached at Hangchow First Baptist Church, Hangchow, 1922-23; teacher of different academies, 1923-24; member of Editorial Dept, of the National Committee of Y.M.C.A., 1925; staff member of Christian Literature Society, 1926; Associate-editor of *Wen Shih Bulletin* (National Christian Literature Association Monthly), 1927; pastor of North Shanghai Baptist Church, Shanghai, 1928; Editor of *Yeh Sheng Monthly* (The Voice in the Wilderness), 1928 to the present; Associate-editor of "the Green Year," National Committee of Y.W.C.A., 1930; fore-runner of "Jesusism"; advocate of Christian Socialism; promoter of "Indigenous Church Movement"; founder of "New Literature Society"; writer of articles on religion, socialism and sex in various magazines; author: "A Study of Ancient Chinese Religious Poems and Songs," "Christianity and Socialism in China," "Jesusism"; translator: Rauschenbush's "The Social Principles of Jesus," Forbush's "The Boy's Life of Christ," Rogers' "Question Time in Hyde Park," Leo Markun's "History of Prostitution," Hecker's "Religion under the Soviets," Eddy's "Challenge of Russia," Little Blue Books on Soviet Russia. Address: 19 San I Fang, Jessfield, Road, Shanghai.



張仕章 別號我天
Chang Shih-chang (Hottinger S. C. Chang)

張仕章，別號我天，一八九七年生于浙江之砩石鎮。性豪爽，行堅決；喜談革命，酷愛宗教，自一九二二年卒業滬江大學，得碩士學位後，歷任浙滬教會及學校教職，並爲報章雜誌撰述關於宗教哲學，社會主義，兩性問題等論文。旋入青年會，廣學會。基督教文社擔任編輯。一九二八年成婚後，即與沈嗣莊王治心等創辦新文社，專心著譯；同時主編穌聲月刊，宣傳耶穌主義，鼓吹基督教革命運動。近應女青年協會之聘，繼續在基督教文字界服務，張君著作已有中國古代宗教詩歌集，中國的基督教與社會主義，耶蘇主義論文集，基督教的性道德等書，其譯品中當以耶穌的社會原理，青年模範，歐美淫業史，蘇俄平民生活寫眞，蘇俄治下的宗教，蘇俄的眞相爲最著名。通信處：上海極司非而路三義坊十九號。

Foreign Trade of Japan Shows Favorable Export

According to the Japanese Department of Finance, the result of Japan's foreign trade during the first ten days of the present month is approximately as follows: Exports, Yen 43,931,000; imports, Yen 29,303,000; Total Yen 73,-234,000. Balance in favor of export, Yen 14,628,000.

By debilitating the body intestinal disturbances, if not attended to, may become the source of severe chronic diseases endangering life. A certain protection against these symptoms will be afforded by 'Yatren' 105.

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New Books of Interest in the Far East

The First Nipponese Novel

The Lady of the Boat, by Lady Murasaki, translated from the Japanese by Arthur Waley, published by George Allen & Unwin, Ltd., London, 10s. 6d.

The Lady of the Boat is the fifth volume of one of the world's greatest novels, *The Tale of Genji*, a narrative of the court life of Old Japan about 980 A. D., which consists of 54 books in the original and 6 in translation. This famous story was written by Lady Murasaki, a lady-in-waiting at the court of the Empress Akiko, who was a contemporary of the time in which she wrote. In this volume the great Genji (son of the old Emperor) is dead and the story carries on with the doings of the Imperial Clan and particularly with the love-lives of Kaoru, reputed, but not actual, son of Genji, and Niou, grandson of Genji and third son of the new Emperor and Empess. These two become the most attractive and eligible young men of the court and the object of much baiting by ambitious parents of marriageable daughters, but they do not marry at the usual age. Kaoru is a lofty Buddhistic idealist and refuses to intrigue with the court ladies, preferring the contemplation of a monk's life, but Niou, though an impeccable gentleman of the sword, sees nothing amiss with gathering a few rosebuds while he could—rather I suppose it was plum blossoms in Old Nippon. Finally, they are both hopelessly enslaved by two highly virginal sisters, portionless princesses of the blood exiled in the country, who disdain having anything to do with these prepossessing swains, which, of course, only increases their respective ardors. Reasons of the heart and reasons of state are seldom compatible, also, and the resulting tangle of affairs is a most engrossing tale.

This enchanting book is full of the fascination of old romance, of oriental subtlety of feeling and thought, of sheer delight in the beauty of nature. At the masterful touch of Lady Murasaki's ink brush scenes and situations reveal themselves with all the sure simplicity of a Japanese water-color, in a series of suddenly flashed vignettes, and quaint people of a thousand years ago become incarnate with astonishing reality.

In addition to great wit and neatness of phrase, the book is rich in the poetic imagery that is born of the oriental appreciation of the sensuous beauty of nature which amounts to an almost childish belief in the animism of unknowing things. It is full of the fragrance of plum blossoms on misty island nights, of admonishing voices through the wind in the trees, of "tears trickling from flowers" in the rain. In fact, it is in itself a breath of lovely Nippon, old or new. Practically every conversation in the book is a bit of verse—of this imagery which perhaps only the pictorial ideographs of China and Japan can adequately express, and which the "imagist" school of poets in the English tongue has tried to imitate in vain in the cold language of alphabets.

In the masterly prose of Arthur Waley (who must be Welsh because of his fine feeling for the quality of nature poetry), Lady Murasaki's charming language finds a worthy vehicle for expression. So well does he sustain an almost classical rhythm of speech that when he occasionally lapses into the vernacular of modern day English (as a good translator must never do) it quite strikes one in the face. For instance, we could not avoid feeling suddenly dropped from the sublime to the ridiculous when the following vulgarisms presented themselves on the page. Of the hero's devoted waiting for a kind word from his love he says: "He *hung about* all day doing nothing in particular". (p. 193) or, speaking of the sisters in their dilemma: "On one thing they were agreed: whatever happened, they must *stick together*." (p. 131.) Or again (during an emotional and poetic moment): "She was not one to show her feelings; but underneath, from the time Prince Niou began to *cool off*, she felt she had betrayed her dead father's trust." (p.231.) Or, perhaps worst of all, he has the gentle Agemak cry, in defending her virtue against the intruder, "So that was what he was *after!*" (p. 294.) Mr Waley's naively explanatory footnotes at the bottom of each page are not exactly flattering to the intelligence of the "average reader," but after all this, one can only have the greatest gratitude to him for making available such a thoroughly delightful bit of reading as this old Japanese classic.

H. F.

A Japanese Novel in Translation

The Mother by Yusuke Tsurumi. $2.50. Rae D. Hinkle, Publisher.

This first novel translated from the Japanese by the author, to the Western reader well seem childish and ineffectual both in story and delineation of character. As a matter of fact translating it did it no good and a great deal of harm. For in spite of its clumsy naivete, there is that so-called and hackneyed reviewer's "vein of sincerity", which may have given it dignity and substance in its original Japanese form.

Nevertheless, as it stands now it is not a literary "work of permanent strength and enduring beauty" for which Mr. Tsurumi says in his foreword this book is trying to pave the way. The fact that when it was published in Japan its sale leapt quickly into the half million mark, it was produced on the stage with immense success and on the screen with even more, tells us nothing of its literary merit in the Japanese language. In fact according to Western standards, these are most doubtful criterions.

The English is frankly crude and unsympathetic, the story impossible and the character figures of no substance. With ridiculous abruptness fortune and adversity descend upon the Mother. When she is poor she suddenly becomes rich, when she is rich she suddenly becomes poor, and after six of these very definite periods we close the book with a grateful sigh that at last her money is safely invested and her children will be rich for the rest of their lives. The reason for this last happy situation is an astounding bit of imagination, not to say downright heartless and selfish for so good a woman as the Mother to rejoice about—her hardware stocks depressed by the news of Wilson's Peace proposal appreciate again when the proposal is turned down and the War goes on.

The greatest criticism against Mr. Tsurumi is neither his lack of style nor his empty characterisations, nor even his childish story, but the fact that he by no meane keeps the promise he makes in his preface. He slips up on the tremendous opportunity he had in his book to show the new woman of Japan as well as the old. He could easily have drawn distinct and sharp comparisons between the Mother and her daughter who wore European clothes and who had imbibed European culture, and in addition could have brought out the transition stages that separate one from the other.

But aside from a very few details which are lost in the sentimental shuffle of the Mother's trials and tribulations and the Son's rather senseless carryings-on, we learn little or nothing of the Japanese woman at home and in business—either the modern one or her predecessor.

CHRISTINE DIEMER.

Gory Japanese Plots Galore

Japan: The Octopus of the East and Its Menace to Canada; edited and published by F. Leighton Thomas, Vancouver, B, C.

This little booklet by a person who does not definitely identify himself except as "a veteran of the Imperial British Army" is a product of that type of mentality described by the late Theodore Roosevelt as the "lunatic fringe" which envelopes almost every issue in the world.

Japan can properly enough be descibed as "the octopus of the East," but its menace to Canada seems rather remote save in the unlikely (for the present, at least) possibility of a war between Japan and Great Britain. Mr. Thomas, however, discusses none of the genuinely vital aspects of Japan as a rampant imperialistic power, but instead gives lurid accounts of how the Japanese monopolize bell-hop jobs in British Columbia and are rapidly ousting Canadians from the fishing industry along the B. C. coast. And he tells even more lurid tales of Japanese espionage from Vancouver to San Diego, inclusive.

Now there can be little doubt that Japanese spies have mapped the American coast with the view of the possibility of war, and it is also equally probable that British and American spies have made excellent maps of the Japanese coast for the same purpose. As the recent book called "The Black Chamber" revealed, espionage is not an exclusive characteristic of any one nation. It is, however, likely enough that Japanese espionage is even more extensive than that of many other countries, but it is too much of a strain on one's credulity to believe Mr. Thomas' yarns that an Inspector General of the Japanese Army once worked as a hotel clerk in a small B.C. village for espionage, or that a Japanese Admiral was once a valet to a retired British Admiral in San Diego for the same purpose.

In brief, Mr. Thomas' booklet reminds this reviewer of the proof once offered in the correspondence column of the *North China Daily News* of a communist plot to massacre all foreigners in China in 1927.The writer of the letter solemnly avowed he had direct evidence through a friend in America who had been informed by a teacher in Columbia University that she had been warned by some of her Chinese students in 1926 to advise all her friends to leave China before 1927 for the Reds had well laid plans to exterminate every white person of Cathay in that year of grace!

Shanghai, September 12, 1932. W.B.

READERS of *The China Weekly Review* who may be interested in obtaining copies of any books which have been reviewed in these columns, may obtain them by sending their orders in care of *The Review*....If obtainable in Shanghai the books will be mailed immediately at retail prices prevailing in Shanghai, plus postage, or if not obtainable here, they will be ordered from the publishers abroad. Send orders or inquiries to Book Editor, *The China Weekly Review*, 38 Avenue Edward VII, Shanghai.

Kuliang a Popular South China Summer Resort

Kuliang, a summer resort ten miles from Foochow—not to be confounded with Kuling near Kiukiang—maintains a Council whose chairman is Rev. B. G. Parsons; vice chairman, Rev. W. L. Beard; secretary, Rev. E. Pearce Hayes; treasurer, Rev. R. W. McClure. Kuliang is about 2300 feet about Foochow and its temperature is about ten degrees lower than in the latter place. People from all parts of China spend the summer there. The Kuliang Council's has issued its report for the year ending August 1932. Among the problems of the real estate bureau is finding accommodation for unmarried women. The report stated that the "only solution would seem to be for more single women to rent houses and keep house rather than board with some married couples." The bathing pool was liberally patronized. A comfortable Club house is one of the features of Kuliang. As regards transportation, the report says that in the course of a season residents use for chairs and loads up and down the mountains more than 6,000 carriers. The census report shows an ever-increasing Chinese population.

Japanese Shoes Outsell Tariff-Protected American Product in Philippines

The competition of cheap Japanese shoe products has reached a serious stage in the Philippines. The most notable trade loss of the United States in the Philippines last year was in cotton-upper shoes, the Japanese offering them in quantities at from 25 to 75 cents a pair. Until 1926 the American share in this form of footwear sold in the islands was over 90 percent by value, while last year it was less than 25 percent. The Japanese share has grown from a fraction to 65 percent in 1931.

Rubber or rubber canvas combination shoes are not made in the Philippines, but the Japanese product is driving out the Philippine-made leather shoes, and the rubber shoes sent there from America. Imports from the United States are not taxed but Japanese shoe products pay 15 percent duty. Business conditions have favored the cheap Japanese rubber-sole shoes offered at an average price of around 40 cents a pair.

Count Hayashi to Remain as S. M. R. Head

As regards a rumor that Count Hayashi would resign from the Presidency of the South Manchuria Railway Company, Ryutaro Nagai, Minister of Overseas Affairs, in a statement issued at Tokyo September 9 denied that Count Hayashi is resigning. Mr. Nagai explained that Count Hayashi had only visited Tokyo on another errand and would return to Dairen in the near future.

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NOTICE

To Subscribers

(*Residing Overseas*)

Dating from August 1, 1932 the subscription rate for persons residing outside of China has been reduced from G.$10 a year to G $8 a year, including postage.

The new rate applies to subscribers residing in the United States, Canada, Europe and Russia.

The new rate, estimated in the currency of the Federated Malay States is equivalent to s. s. $15. In India, Australia and other places using English currency the rate is equivalent to £2:8:0.

The China Weekly Review

38 Avenue Edward VII

Shanghai.

Military Council to Reorganize China's Air Force

A recent *Reuter* telegram from Nanking stated that arrangements have now been practically completed for reorganization of China's air force.

Realizing the importance of air defense as a result of the Sino-Japanese fighting in the Shanghai-Woosung area, both Government and public circles have persistently agitated for development of China's air force. Proposals were submitted to the third Plenary Session of the Central Executive Committee of the Kuomintang at Loyang and later to the National Salvation Conference by the Minister of War, General Ho Ying-ching, for immediate appropriation of $50,000,000 for aviation development. Special stress was placed on the establishment of a Ministry of Aviation.

Military Council's Control

About a month ago General Huang Pin-heng, Chief of Aviation Bureau, resigned to go to Europe for further study in aviation development in foreign countries. The Bureau has been abolished and aviation affairs will hereafter be placed under the direct control of the National Military Council of which General Chiang Kai-shek is the chairman. Instead of having an aviation bureau under the Ministry of War, a special department will be created under the National Military Council.

A special aviation school has also been established at Chien Chiao, near Hangchow. American experts have been engaged to train young Chinese aviation enthusiasts. Every effort will be made to make this school one of the most modern and efficiently run aviation training institutes in the Far East.

13 Chinese Air Students Return Here

A group of 13 Chinese students, who specialized in aviation subjects in the United States, returned to Shanghai end of last week and are awaiting orders of the National Government for service in the promotion of aviation in China. These students returned to China from the United States in response to a summons from Wang Ching-wei, resigned Executive Yuan chief, who is now in Shanghai. This prominent leader of the Left Wing Kuomintang has been active in the movement to build a strong air defense force in China, and some time ago he cabled to America urging Chinese aviation students to return to their fatherland, as personnel for the promotion of aviation in China is badly needed.

These amateur Chinese aviators are being feted by members of the Aviation Reconstruction Association, recently organized by Chinese aviation enthusiasts in Shanghai.

Aviation Accident at Hangchow---Son of General Chen Chi-wei Killed

Chen Hsien-fu, eldest son of the late General Chen Chi-mei, Shanghai revolutionary martyr, and his aviation instructor, Shih Man-niu, were killed in an aerial accident at Hangchow September 9. Having recently joined the Flying School there, young Chen, who was only twenty years old, was taking one of his first lessons on board plane No. 5 with his instructor at the controls, whan their machine collided with another training plane, No. 8. Chen's plane immediately plunged headlong to earth near Nansingchiao, south of the city. Both occupants were killed instantaneously, while the machine was completely wrecked.

Shanghai to Help Manchurian Flood Refugees

Wang Hsiao-lan, chairman of the Chinese General Chamber of Commerce; Tsuyee Pei, manager of the Bank of China; Tu Yueh-sung, member of the French Municipal Council; Sze Liang-zay, publisher of the *Shunpao*; Hsu Chi-ching, former director of the Government Central Mint; and Wang Yen-sung, former chief secretary to the Shanghai District Kuomintang, are the leaders of a movement in Shanghai to found a society to carry on relief work among the flood refugees of the Three Eastern Provinces.

Japan Criticized by Universal Peace Congress

In a resolution passed by the 29th Universal Peace Congress held in Vienna, September 8, the assembly blamed Japan's actions in the Far Eastern Conflict, and invited the League of Nations to apply the sanctions of Article XVI of the League Covenant, should Japan refuse to abide by the League decision of March 11 and by the conclusion of Lord Lytton's report. The Congress also adopted the principle established by the United States, concerning the violation of territorial integrity and of national independence.

Canton-Shiuchow Railway Official Seeks British Boxer Funds

Li Hsien-ken, managing-director of the Canton-Shiuchow section of the Canton-Hankow Railway, visited Nanking recently to report to the Ministry of Railways regarding various matters concerning the Line. According to Mr. Li, work on the Lokchong-Liputow portion of the uncompleted section will commence shortly and is to be completed by November. He also conferred with the Railway Ministry concerning appropriation from the British Boxer Indemnity Refund for the southern section of the Canton-Hankow Railway.

A Lanchow telegram reports that construction work on the Lanchow-Suchow Highway in Kansu is progressing satisfactorily. It is anticipated that by January, 1933, the road will be ready for traffic.

Work on the projected Suchow-Sining Highway will commence in the near future, it is stated. The military authorities of Kansu and Kokonor (Chinghai) provinces are arranging to provide soldier-labor for the task.

How British Boxer Funds Are Being Allocated

At the 11th meeting of the Board of Trustees for the Administration of the British Boxer Indemnity Refund held Sept. 6 a number of important draft contracts were approved whereby the Board will grant loans of varying amounts for reconstruction purposes and purchase of railway materials. These draft contracts are:

1. With the National Reconstruction Commission for the purchase of electrical apparatus and materials and galvanized iron.

2. With the Hangchow-Kiangshan Railway for a loan of £200,000 sterling for the purchase of railway materials.

3. With the Ministry of Railways for the following loans for the purchase of railway materials:—

(a). £30,000 sterling for the Chuchow-Shiukwan section of the Canton-Hankow Railway.

(b). £40,000 sterling for the Tientsin-Pukow Railway.

(c). £110,000 sterling for the Hunan-Hupeh section of the Canton-Hankow Railway.

(d). £30,000 sterling for the Canton-Shiukwan section of the Canton-Hankow Railway.

Franco-Belgian Loan for Railway Lines in Northwest China

In compliance with orders from the Ministry of Railways, deputies of the Chengting-Taiyuan Railway, accompanied by French engineers, left Peiping Septemper 8 for a survey of the proposed route of the Shihchiachwang-Taku Railway acrose Hopei province.

Survey operations for the Tatung-Tungkwan Railway, another projected line in the North-west, will commence as soon as survey work on the Shihchiachwang-Taku Line is completed.

It is reported that funds for the construction of these two Railways has been secured by a loan made by the Ministry of Railways with a Franco-Belgian banking group.

Smuggled Watches and Clocks Came Through Port of Dairen

In connection with the raiding of the wholesale warehouse of a Chinese firm in the Settlement by the Customs authorities on September 2 when approximately $100.000 worth of clocks and watches were removed to the Customs House on the suspicion of their having been smuggled, brief mention of which was made in the *Review* last week, an important point to note is that there is evidence to show that this smuggling was done through the Japanese-controlled port of Dairen, the goods having been brought to Shanghai overland. Investigations made by the Customs authorities tend to show that there has been wholesale smuggling into China through the port of Dairen, Shanghai being but one of several places to which such smuggled goods have been conveyed. Dairen, it is to be noted, has a free-duty area and goods may be landed in Dairen without paying the usual Customs duties. It is only when goods are intended to be transhipped north on the South Manchuria railway for interior points that duties are collected at Dairen. Also when goods are taken out of Dairen stock and taken into the interior they are supposed to pay the duties at the Customs barrier, but it has been charged repeatedly that large quantities of goods are smuggled out of Dairen to interior points, either with or without the connivance of Japanese customs officials.

Henry W. Kinney, Japanese Advisor, in C.E.R. Train Wreck

When the survivors of the three train wrecks which were caused by "bandits" on the C.E.R. Changchun-Harbin line early in the week, arrived at Harbin, it was learned that among them was Henry W. Kinney, public relations director of the South Manchuria Railway, who was on his way to Europe to attend the next meeting of the League of Nations as an advisor to the Japanese. He arrived in Harbin wearing nothing but a dirty potato sack and a fragment of canvas torn from a tent. He had a very narrow escape from serious injury and possible death. When captured from his train he was robbed of all he possessed and then stripped absolutely naked. He was being marched away from the scene by the bandits as a hostage when he decided to make a run for it in the dark. He slipped from them and although they gave chase and fired is his direction he managed to hide in some bushes. At that point some Manchukou police arrived on the scene and began firing. This scared off the bandits, giving the terrified envoy a chance to escape. Mr. Kinney later found the potato sack and a piece of canvas in which he attired himself for the journey to Harbin. He stated that all the bandits were armed with regulation Mausers, some being dressed in the uniforms of Chinese officers.

Among those missing in the train smash which occurred Sept. 12, 40 miles south of Harbin, are Fan Chi-kwang, chairman of the Chinese Eastern Railway Board of Directors, his wife, two sons and one daughter.

Dalai Lama Representative in Nanking to Discuss Peace Terms

A Nanking telegram state that the arrival of the personal delegate of the Dalai Lama of Tibet in the Capital gives rise to hopes that there soon may be a peaceful settlement to the situation on the Sino-Tibetan border where fighting has been going on intermittently since March.

It is believed that all the parties concerned—the Dalai Lama, General Liu Wen-hui of Szechuen, the Central Government, and the people of Sikang Province—are all favorably disposed to peace negotiations. Recent reverses suffered by Tibetan troops, including the loss of the strategic point of Tehkeh, are reported to have led the Dalai Lama to sue for peace. In addition General Liu of Szechwan is not anxious to advance beyond Tehkeh because of the approach of the Tibetan winter and he is therefore inclined to discuss peace. Thus peace terms may be decided on soon if the Tibetan troops do not stage a counter-attack on Tehken.

Latest New York Stock Exchange Quotations

Market:—Weak Business Done 5,100,000 Shares

Sept. 14, 1932

1931-1932 High	1931-1932 Low	Div.$ per Sh.	STOCKS	Mon. Sept.12	Tues. Sept. 13
9⅝	1⅝	—	Adams Express	7½	6⅞
87½	42½	*6.00	Allied Chemical & Dye	79¼	77½
14½	4	—	Allis Chalmers	10¾	10
73⅞	29⅝	*4.00	American Can	56	53½
14½	2	—	Amer. & Foreign Power	10¼	9½
9⅝	1⅛	—	Amer. & For. Power W.	7	6⅞
26½	5¼	—	American Smelting	19⅞	18⅜
137⅜	70¼	9.00	American Tel. & Tel.	114⅜	113
86¾	44	*5.00	American Tobacco "B"	78¼	77
34⅛	11	2.00	American Waterworks	28	26
18⅜	3	—	Anaconda Copper	13	12
151¾	28¾	*4.00	Auburn Automobiles	62	54½
21⅜	3¾	—	Baltimore & Ohio	16⅛	15⅜
29	7¼	—	Bethlehem Steel	24⅝	23
43⅛	20	*2.00	Borden Company	29⅞	29⅜
13½	3⅜	—	Borg Warner	11	10⅝
20⅝	7¼	—	Canadian Pacific Railway	16⅜	16¼
63¾	16¾	—	Case, J. I.	54¾	52¼
47⅞	19	2.00	Chase Bank	43⅝	39
20⅝	4⅞	2.00	Chesapeake Corp.	16	15⅝
21	5	1.00	Chrysler	17⅛	16¼
6⅞	1¼	—	Cities Service Co.	5	4⅞
20⅞	4¼	1.00	Columbia Gas & Electric	16¾	15⅝
5	1⅝	.30	Commonwealth & Southern	4¼	4
15/16	1/16	—	" " warr.	Unq.	Not
68¾	31½	4.00	Consolidated Gas. of N.Y.	61⅝	58⅞
9⅛	3⅝	—	Continental Oil	7⅜	7¼
50	24¾	*3.00	Corn Products	46⅞	45¾
3	⅞	—	Curtiss Wright Co.	2½	2¼
57	23	4.00	Drug Incorporated	45½	43½
59¾	22⅛	2.00	Du Pont de Nemours	39¼	37¾
87⅞	35¼	3.00	Eastman Kodak	54½	51¾
45¼	5	6% S	Electric Bond & Share	34⅞	30¾
15½	2¾	—	Electric Power & Light	12⅛	10⅞
5⅝	1	—	Fox Film "A"	4¾	4⅛
26⅛	8½	.40	General Electric	18⅞	17½
40½	19⅝	2.00	General Foods	30¾	29½
24⅝	7⅝	1.00	General Motors	16¾	16⅛
28⅝	6⅛	1.00	General Railway Signal	15¾	16½
24¼	10⅜	1.00	Gillette Safety Razor	19⅞	18½
19⅞	8¼	1.60	Gold Dust	18⅛	17⅝
11⅝	2¼	—	Goodrich Rubber	9⅛	7⅞
28⅜	5½	—	Goodyear Tire & Rubber	21⅝	21½
18¾	3⅝	—	International Cement	13	11¼
1⅞	½	—	International Combu. Eng.	1⅛	1⅛
32¾	10⅜	1.20	International Harvester	25½	24⅛
12¼	3½	—	International Nickel	10	9½
15½	2⅝	—	International Tel. & Tel.	11⅞	11
31½	10	—	Johns Manville	28½	27
19	4⅞	—	Kennecott	13⅝	12⅝
9⅛	1/32	—	Kreuger & Toll	⅜	¼
65½	32⅛	*4.00	Liggett & Myers, "B"	61¼	59½
36⅞	13¼	*3.00	Loew's: Inc.	35	33⅝
17½	9	1.20	Lorillard P. Co. (com.)	16⅜	15⅞
11⅜	1½	—	Ludlum Steel	8¾	8
15¼	3½	—	Montgomery Ward	12¼	11¼
64½	23¾	20.0	National City Bk. bid price	58	Not
9⅞	2½	—	Nevada Copper	7¾	6¾
36⅝	8¾	—	New York Central	26⅛	25⅛
42¾	13¾	10%S	North American Co.	37¼	34½
37	16⅞	2.00	Pacific Gas & Electric	30¼	29½
5¼	1½	—	Packard Motors	4⅛	4
11½	1½	—	Paramount—Publix. Corp.	6¾	6
23⅜	6½	—	Pennsylvania Railroad	18¼	18⅛
4¼	1	—	Pennroad Corporation	3¼	3¼
8	2	—	Phillips Petroleum	7	6¼
60	28	3.20	Public Service of N. Jersey	49⅝	47¾
12½	2½	—	Radio Corporation	10½	9¼
7⅛	1½	—	Radio-Keith Orpheum	6⅛	5⅞
45⅝	26½	3.00	Reynolds Tobacco "B"	34⅝	34½
37⅜	9⅞	—	Sears Roebuck	22	21⅝
8¾	2½	—	Shell Union	6⅞	7¼
12⅝	3	—	Simmons Company	10½	9¾
12⅛	5¼	.80	Socony-Vacuum Corp.	10⅝	10½
32¾	15¾	2.00	SouthernCaliforniaEdison.	28	27½
34¼	7⅝	2.00	Standard Gas & Electric	23	21
37¼	19⅞	*1.00	Standard Oil of N. Jersey	33¼	32
17¾	9¼	1.00	Texas Corporation	15¼	14¾
26¾	12	2.00	Texas Gulf Sulphur	21½	21
7	2⅛	—	Trans America	6½	6
36⅞	15½	1.20	Union Carbide & Carbon	26½	26¼
94½	27⅝	6.00	Union Pacific Railway	74½	73
32¼	6½	—	United Aircraft & Trans.	25⅜	24½
13⅜	3½	.40	United Corporation	11¼	10⅛
21⅞	9¼	1.20	United Gas Improvement	19¾	18½
9¾	1¼	—	U.S. Rubber	7¼	6⅝
52⅝	21¼	—	U.S. Steel	45⅝	42¾
23¼	5¼	—	Vanadium	18⅛	16¼
4½	½	—	Warner Bros. Pictures	4	3⅜
43½	15⅞	—	Westinghouse E. & M.	37⅝	34¼
45⅝	22	2.40	Woolworth	38¼	38
			Call Money	2%	2%

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Slump in Yen Helps Japanese Exports

A recent telegram from Tokyo stated that during the month of August, Japan's exports totalled Yen 136,000,000. Owing to the low yen rate, there was a considerable increase in the export of raw silk, cotton piece goods, rayon and silk piecegoods, while imports, except raw cotton and machinery, witnessed a general decline, resulting in a favorable trade balance of Yen 63,000,000. The total amount of import excess from the beginning of the current year up to the month under review was Yen 160,000,000.

The recent decline of the yen rate has caused a popular demand for raw silk in the American markets, the forward deliveries being quoted at Yen 1,100 at the latter part of the month. In consequence of the bull market, the Yokohama Silk Exchange suspended business transactions on August 29 in order to avoid the sudden fluctuations of silk prices. Kobe followed the example of Yokohama. The export of cotton yarn during the month totalled 10,717 bales, showing the highest record in recent years.

Sassoon Tomb at Poona Figures in Lawsuit

Bombay members of the Sassion family are involved in a lawsuit concerning the tomb of David Sassoon, ancestor of this well-known Jewish family and founder of the Jewish Synagogue in Poona, India.

Four years ago a lock was placed on the monument by the trustees of the Synagogue, much to the annoyance of the direct descendants of the great merchant. A group of direct descendants of the deceased have now brought suit against the trustees—seven of Bombay's most prominent Jewish merchants—on the grounds that the tomb is a sacred place which all Jews have a right to visit, especially the descendants.

The plaintiffs further assert that the obstruction has "injured their religious rights," and they are claiming damages equaling about $3,500 (Chinese) for wrongful restraint, loss of reputation, and severe mental stress.

CUSTOMS NOTIFICATION NO. 1239

The public is hereby notified that in accordance with Government instructions Gas Pistols (煤氣手槍) have been added to the list of articles of which the importation or movement within China is prohibited.

H. O. Tong,
Superintendent of Customs,

F. D. Goddard,
Commissioner of Customs,
Officiating.

CUSTOM HOUSE,
Shanghai, 8th September, 1932.

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The National City Co. Gold Bond Quotations Received From Head Office

Sept. 8, 1932.

SECURITY	RATE & DATE DUE	Price	Approx Yield %
The National City Bank of New York	Stock	641½	—
Argentine Government	6 % May 1, 1960	46	—
U. S. of Brazil	6½% Oct. 15, 1957	18	—
Republic of Finland	6½% Sep. 1, 1956	70	9.76
German Central Bank for Agriculture	6 % Oct. 15, 1960	46⅛	—
Kingdom of Italy	7 % Dec. 1, 1951	95	7.49
State of Minas Geraes Series "A"	6½% Sep. 1, 1959	12½	—
State of Sao Paulo (Brazil)	7 % Oct. 1, 1940	52	—
American I.G. Chemical Corporation	5½% May 1, 1949	80	7.62
Rhine Westphalia Electric Power Corp.	6 % Apr. 1, 1955	50	12.83
QUOTATIONS RECEIVED FROM LONDON OFFICE			
Republic of China Gold Loan	5 % 1925	63½	—
Chinese Govt. Re-org. (£) Loan Stamped	5 % 1913/60	68	—
Chinese Govt. Re-org. (£) Loan Unstamped	5 % 1913/60	66	—
Chinese Government (Crisp Loan)	5 % 1912	46	—
Shanghai-NankingRailway	5 % 1904/08	40	—
Shanghai - Hangchow-Ningpo Railway	5 % 1908/58	62	—
Hukuang Railway	5 % 1911/1951	22	—
Tientsin-PukowRailway	5 % 1908/09	22	—

NOTE: The above quotations are received by cable and whilst believed to be correct are not guaranteed.

The National City Bank of New York, Rates of Exchange

Shanghai, Sept. 14, 1932

Demand selling rate on America: U.S. $1.00=Sh. $4.7165
Demand buying rate on America: U.S. $1.00=Sh. $4.6143
Demand selling rate on London: £1.0.0=Sh. $16.380
Demand buying rate on London: £1.0.0=Sh. $16.050

Floods Again Threaten Taiyuan

As a result of torrential rains which fell recently, the waters of the Fen Ho (River) and its tributaries have again risen to an alarming height. Since the overflow of the Fen Ho in the early part of August, its waters have been slowly but steadily receding until it was possible recently to open the city gates of Taiyuan. The situation has once more become serious with the heavy downpours. The outskirts of Taiyuan are still in over 10 feet of water and the three gates west and south of the city are kept closed to keep the city dry.

A Taiyuan telegram reports that the epidemic of cholera is still raging in various parts of Shansi despite the cooler weather. Cases have been discovered within the city of Taiyuan itself.

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